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European Central Banks Increase Rates

Moves Come As OECD Issues Warning on Inflation Risk

By Carl Gewirtz
International Herald Tribune

PARIS — With the ink barely dry on a report warning that creeping inflation in the industrialized countries needs to be countered, most of Continental Europe's central banks, led by the West German Bundesbank, raised key lending rates Thursday.

The cascade of moves tightening monetary policy coincided with a statement from the Organization for Economic Cooperation and Development that "the most pressing task" policy makers now face is "to counter the revival of inflation lest it gather further momentum."

The half-point increases in the Bundesbank's discount and Lombard lending rates mesh in with the forecast made in the OECD's semi-annual Economic Outlook which anticipated such a rise during the second half of the year "to contain inflation at low rates" and to resist "currency depreciation that threatens to add to inflation."

Following the Bundesbank's move, central banks in France, Switzerland, the Netherlands, Belgium, Denmark and Austria raised interest rates. The dollar fell after the rate increases were announced (Pages 11 and 16).

Explaining the German rate move, the Bundesbank president Karl Otto Pöhl said, "We are in fact worried that the pace of economic growth could become too strong."

The OECD also poured cold water on financial market expectations of an imminent decline in U.S. rates — an important factor buoying the dollar — by forecasting a half-point increase. The OECD expects no decline in American rates until next year and then it only sees the possibility of a "moderate easing."

The report estimated that the monetary tightening to date has been sufficient to moderate the robust rate of economic expansion and ease capacity constraints of industry now experienced in most countries. But that tightening was expected to only stabilize inflation, which in most countries is now running at levels not seen since 1985.

This year's surprising rise in the dollar, "moving in a direction which seems inconsistent with adjustment requirments," has added to the inflation problem of other OECD countries, whose major commodity imports such as oil are priced in dollars.

A rise in the value of the Deutsche mark, the report said, would not only contain the risk of imported inflation, but would also help in reducing West Germany's huge and rising current-account surplus, the widest measure of trade in goods and services.

The OECD expressed concern about the intensification of domestic cost pressures in West Germany, where the pay gains in the manufacturing sector are "starting to outpace productivity growth." It warned that in light of "indications of increased union militancy, spurred by comfortable business profits and indirect tax increases, wage growth may well accelerate in 1990."

The OECD secretariat forecast that West Germany's current-account surplus would rise to a record $53 billion next year from $48 billion expected this year. Inflation is forecast to have peaked in the first half of this year, running at a 3 percent annual rate, and then levelling off to 2.5 percent for the rest of the year and 1990.

In the United States, the secretariat expects "latent strength in the economy, which could yet require some further monetary tightening, especially if the Federal Reserve wishes to bring inflation down rather than just to stabilize it."

The report is based on data available up to May 18. At a news conference presenting the report, David Henderson, the OECD's senior economist said that there have been no developments since the closing date "to cause a more cautious view on what's likely to happen in the

See OECD, Page 16

The Associated Press

Chairman Wan Li, in foreground, opening the National People's Congress on Thursday in Beijing.

Beijing May Limit Reprisals

New Leader Says Many Protesters Can Be Spared

By Daniel Southerland
Washington Post Service

BEIJING — Jiang Zemin, in his first publicized speech as the new leader of China's Communist Party, took a hard line Thursday toward those who led pro-democracy demonstrations, but he extended an olive branch to the hundreds of thousands who had participated in the demonstrations.

Mr. Jiang's opening speech as general secretary appeared to be an attempt to reassure students and other intellectuals that most of them would be spared in the purge and crackdown on the student-led democracy movement.

Britain will argue that China should keep its army out of Hong Kong after 1997. Page 5.

The new party leader also gave assurances — apparently directed at foreign nations — that China would continue its policies of revising its economy and opening the country to the outside world.

The speech, published Thursday in the official press, closely adhered to the line taken by Deng Xiaoping, the senior leader who, at the age of 84, still dominates Chinese politics.

Mr. Deng hinted in a June 16 speech that there would be limits to the current crackdown. According to a transcript of that speech obtained by the pro-Communist newspaper Wen Wei Po in Hong Kong, Mr. Deng said there should be a limit on executions for "counterrevolutionary" activity.

Mr. Deng also said that corruption had made some Chinese lose confidence in the Communist Party and that the actions of people who were reacting against corruption had to be understood.

Foreign observers concluded from the tone of the speeches of both Mr. Jiang and Mr. Deng that, first, Mr. Jiang faithfully echoed Mr. Deng's line and, second, that Mr. Deng was concerned about revulsion abroad against the repression, which has included the execution of at least 27 persons.

About 2,500 people have been arrested so far, officials report.

Mr. Deng has expressed a consistent belief in the need to maintain links with Western nations to modernize China's economy.

Inside China, the remarks of Mr. Jiang and Mr. Deng are not viewed as moderate but merely as part of a propaganda line aimed at isolating and intimidating opponents.

A worker who was interviewed in Beijing on Thursday, on the understanding that he not be named, said that "any disagreement with what the party says means imprisonment or death."

"Now the people here hate the army and the government," he said. "Most people pretend to agree with the government in public, but privately hate it."

■ Wave of Killing Feared

Amnesty International said Thursday that it feared the Chinese authorities might execute hundreds of activists rounded up in the crackdown on the pro-democracy movement, United Press International reported from London.

The organization, which monitors the treatment of prisoners around the world, said in a report that its concern was based on China's "notorious" record of executions and unfair trials.

West Europeans Rethinking Abortion

By Marlise Simons
New York Times Service

ROME — In doctors' offices, in church halls and in political back rooms across Western Europe, a change is quietly taking place on the issue of whether and when a woman has the right to end a pregnancy.

Although still in an early stage, the shift could set new limits on the sweeping abortion rights granted in the 1970s, when many West European governments bowed to public opinion and liberalized abortion laws.

Easy access to abortion is now settled social policy in all but three West European countries.

But anti-abortion groups, once small and poorly organized, have been preparing a campaign across Western Europe to limit or reverse the laws.

Angered by what they regard as permissive legislation and increasing scientific meddling in human reproduction, abortion foes have stepped up activities in Britain, France, Italy, Spain and West Germany.

Increasingly, they organize conferences, give talks in schools and recruit local groups; they have formed at least two international networks tied to similar U.S. organizations, which provide European partisans with literature, films and political advice.

As abortion foes have become more outspoken, they have found new forums for their message, creating confrontations.

Last month angry parents in Móstoles, Spain, demanded that a high school religion teacher stop showing his 14-year-old students a film that showed a guilty-looking woman having an abortion and bloody remains of the fetus as children's voices cried, "No, Mommy, I want to live!"

Although Western Europe's conflict over abortion is nowhere near as intense as in the United States, opponents have succeeded in reopening the debate in countries where, until recently, the issue had seemed closed.

Women's rights and family planning advocates in several countries said they were anxiously awaiting a verdict from the U.S. Supreme Court, which is reviewing the constitutional basis for American abortion rights. The court Thursday postponed ruling on the issue until at least next week.

Reversal or restriction of U.S. abortion rights, those concerned argue, would almost certainly give more impetus to European anti-abortion movements. Some fear such a restriction could lead abortion foes to launch a major fight in the countries where Roman Catholicism is strongest.

"There is a growing trend here to relook at the entire abortion issue," said Mark Laskin, assistant secretary-general of the International Planned Parenthood Federation in London. "The Supreme Court decision may well have serious implications for Europe, though we hope it does not."

Regardless of the outcome, added Mr. Laskin, whose federation supports abortion rights, the court ruling will almost certainly affect opinion in Third World nations, where many women die from botched clandestine abortions, and where doctors and women are fighting for abortion rights.

In the past two decades, almost all West European nations have legalized abortion. It remains forbidden in Belgium, Ireland and Malta. The law in Belgium is expected to be liberalized later this year. But courts in Ireland have made it a crime even to provide information about getting an abortion in Britain.

The laws are most lenient in Austria, Denmark, Greece, the Netherlands, Norway and Sweden, where a woman can get an abortion on request.

Some countries restrict on-demand abortion to women beyond the 12th week of pregnancy; in other countries the cutoff point is the 28th week.

France, West Germany and Britain have similar limits and also require the approval of two doctors. Portugal and Spain permit abortion up to the 12th week only if a woman's mental or physical health is threatened. The Swiss have no time limitation but tend to be stricter about what constitutes serious medical grounds.

In practice, rules have been elastic. Factors outside the law — the will of doctors or access to services — often seem to determine whether women can find early, safe abortions close to home.

Doctors in the Catholic south

See ABORTION, Page 6

U.S. Court Delays Decision

The Associated Press

WASHINGTON — The Supreme Court on Thursday delayed announcing its decision on the fate of legalized abortions until at least Monday, heightening the suspense over one of the most closely watched cases of the decade.

The court's inaction disappointed the scores of abortion opponents and advocates awaiting the decision that could withdraw or retain a woman's right to an abortion in the United States.

The justices are being asked to use a Missouri case to reverse the court's 1973 Roe vs. Wade decision legalizing abortion.

The court's term was to have ended Thursday; the nine justices must say something on the Missouri case before retiring for their three-month summer recess.

But instead of announcing a decision Monday, the justices could choose to order further arguments in the case, called Missouri vs. Reproductive Health Services, during the term that begins in October. That would delay a decision until sometime in 1990.

Roe vs. Wade was argued twice before a decision was announced. Such orders are not rare.

U.S. Quietly Widens PLO Ties

By David B. Ottaway
Washington Post Service

WASHINGTON — The Bush administration has secretly expanded its contacts with the Palestine Liberation Organization, assigning officials to meet at least twice in Tunis with the PLO's second-highest official, Salah Khalaf, according to State Department officials.

The officials said an interview given by Mr. Khalaf to the Kuwaiti news agency KUNA, in which he disclosed that he has met twice with the U.S. ambassador to Tunisia, Robert H. Pelletreau, was essentially correct. But, they insisted, "there is no change in U.S. policy."

One official said that he did meet with Mr. Khalaf and discussed issues related to a U.S.-Palestinian dialogue. But he stressed that U.S. objectives in the Middle East conflict remained unchanged.

Mr. Khalaf is also known by the guerrilla pseudonym Abu Iyad.

Israel has watched with growing anxiety the development of an expanding relationship between the Bush administration and the PLO.

Israel has refused to have any dealings with the PLO and bitterly criticized the U.S. decision last December to open a "substantive dialogue" with the organization.

The disclosure comes amid a spate of reports that a high administration official will soon go to Tunis for a meeting with Yasser Arafat, the PLO chairman.

There was a report last week that a Palestinian official in Tunis said that the plan was for Dennis B. Ross, of the State Department's policy planning staff, to meet with Mr. Arafat.

State Department officials have emphatically denied for the past week that there are any plans for either Assistant Secretary of State John H. Kelly or Mr. Ross to meet with Mr. Arafat in Tunis.

The administration has been anxious to avoid saying or doing anything that might further complicate the task of the Israeli prime minister, Yitzhak Shamir, who is facing a challenge from his own right wing to his peace plan for the occupied territories.

The plan calls for elections for a local Palestinian leadership in the West Bank and Gaza Strip and is scheduled to be debated and voted

See PLO, Page 2

Kiosk

Progress Seen At Arms Talks

WASHINGTON (NYT) — The Soviet bloc moved closer to the West's approach in the Vienna arms talks Thursday by suggesting a new regional limit on conventional forces in Central Europe, Western officials said Thursday. (Page 2.)

T. Boone Pickens Jr. was again rebuffed in his quest for seats on the board of a Japanese firm. Page 13.

General News

Cuba's interior minister was dismissed amid the drug and corruption affair. Page 6.

Special Report

EC changes threaten Luxembourg's status as an offshore banking center. Pages 17-21.

Business/Finance

U.S. foreign debt soared 41 percent, to $533 billion, last year. Page 11.

Crossword Page 8.

Dow Close	The Dollar In New York	
Down 46.47	DM	1.9845
	Pound	1.5435
	Yen	143.80
	FF	6.667

Jaruzelski Is Reported to Face Serious Challenge in His Party

By Henry Kamm
New York Times Service

WARSAW — General Wojciech Jaruzelski, the Polish leader, is facing a serious challenge within the Communist Party to his scheduled re-election as president next week, Polish and diplomatic sources said Thursday.

At the same time, senior Solidarity leaders and Western diplomats reported that Lech Walesa might soon be invited to Moscow for talks with Mikhail S. Gorbachev on the political impasse in Poland.

The opposition to General Jaruzelski comes from conservatives in the party who criticize the president and party first secretary for having yielded too much power to the opposition and for having made possible the party's crushing election defeat at the hands of Solidarity earlier this month.

The party leadership is now holding individual meetings with each of the 299 parliamentary deputies elected on behalf of the government coalition, in an effort to persuade them to vote for General Jaruzelski. The coalition is made up of members of the Communist, Peasant and Democratic parties.

Solidarity won all of the 161 seats in the Sejm, or lower house, that it was allowed to contest under the roundtable agreement that set the stage for the first virtually free elections in a Communist country. It also won 99 of the 100 seats in the newly created Senate, which will wield veto powers over the decisions of the Sejm. The president is chosen in a joint session of both houses.

Party officials have confided to Western diplomats that they fear General Jaruzelski is as many as 50 votes short of the majority required for election. A senior diplomat in touch with Communist leaders described the mood at the top of the party structure as one of "panic."

The mood is caused in part by fear over the heightening of the political crisis that a rejection of the president would cause and the further loss of prestige that would be suffered by an already deeply demoralized party. Also, party officials worry about how the military might react to so painful a blow to its unquestioned leader.

The worry among Communist leaders is shared by the top Solidarity leadership, which contends that it cannot afford to see the General Jaruzelski toppled. The Solidarity leaders around Mr. Walesa fear that this would lead to internal chaos and the risk of outside intervention.

Poles who have contacts with Soviet officials say they believe that General Jaruzelski enjoys the full support of the Soviet Union under the leadership of Mikhail S. Gorbachev, but they express less certainty over the attitude of Soviet opponents of liberalization, such as Yegor K. Ligachev, a Politburo member.

Poles and diplomats report also that Erich Honecker of East Germany and Milos Jakes of Czechoslovakia, who have refused to adopt Mr. Gorbachev's democratization campaign in their countries, have quietly made known to Polish

See POLAND, Page 6

Adding Up the Return On an Amazon Harvest

By William Booth
Washington Post Service

WASHINGTON — Offering new hope for saving the rapidly dwindling rain forests, a team of biologists and economists has found that the forests of the Amazon are worth far more money if harvested for fruits and rubber in a sustainable way, than if cut for timber or cleared for cattle ranching.

A detailed accounting of the resources that a plot of rain forest contains, reported Thursday in the journal Nature, concludes that "the most immediate and profitable way" of combining the often contradictory goals of development and conservation is the long-term exploitation of forest products such as edible fruits, cocoa, oils, rubber and medicines.

The report states that the net revenues generated by long-term harvesting of nontimber products are two to three times greater than those that can be obtained by logging the commercial timber or clearing the forest for pasture.

The study comes at a time when many environmentalists are struggling to devise ways to preserve tropical forests, which are rapidly being cleared by timber companies, miners and slash-and-burn farmers moving into once pristine areas.

Amazon forests are among the most biologically diverse in the world and contain untold numbers of potentially useful species and substances, including many that may be medically useful. Scientists also say destruction of the forests would contribute to global warming by releasing vast amounts of carbon dioxide.

Increasingly, conservation biologists are contending that simply creating parks is not the solution, since many national parks in the developing world are actively logged, farmed and mined.

Unless the forests are of economic value to their stewards, scientists say, the habitat will ultimately be destroyed.

"I don't see any future in simply setting land aside as pristine parks," said Charles Peters of the Institute of Economic Botany at the New York Botanical Garden, who completed the three-year study with two colleagues, Alwyn Gentry of the Missouri Botanical Garden and Robert Mendelsohn of Yale University.

Such an approach, Mr. Peters said, will not work in developing nations.

"The local people won't buy it

See AMAZON, Page 6

John Redman/The Associated Press

MCENROE'S ADVANTAGE — John McEnroe fires a serve Thursday during his second-round Wimbledon match against Richey Reneberg. McEnroe overcame spotty play and a run-in with the umpire to win, 6-3, 3-6, 6-3, 7-5. Page 23.

In Versailles, a Noncelebration

Royalist City Settles for a Low-Key 'Commemoration'

By James M. Markham
New York Times Service

VERSAILLES, France — There is no better place than the royal capital of Louis XVI to grasp the ambivalence that pervades the ceremonies marking the 200th anniversary of the French Revolution.

Symbolically speaking, Versailles is up for grabs.

A bedroom community 20 minutes from Paris, it is by wealth and tradition a deeply conservative city, with a thick sprinkling of aristocrats in its population of 100,000. Many of them have chosen to live in fine houses at the fringes of the vast Palace of Versailles, which draws five million tourists a year.

The city's rightist mayor, André Damien, has put the bicentennial accent on what he calls "the royal revolution" — the halfhearted attempt by Louis XVI to accommodate swelling demands for political change in 1789 before losing all control and, ultimately, his head.

Mr. Damien insists that Versailles is commemorating, not celebrating, the French Revolution, an implicitly negative verdict on the upheaval.

A man playing Louis was lustily cheered on May 4 when Versailles staged a reenactment of the convocation of the States-General two centuries ago. Bewigged noblemen, clergymen in purple and representatives of the middle classes in black robes trooped through the streets as they had when summoned by the king in 1789.

As far as City Hall is concerned, the bicentennial commemorations in Versailles ended with the parade. The only other significant event is an exhibit in the Hôtel de Ville on the short life of the king's sickly son, known to nostalgic monarchists as Louis XVII after his death in prison.

A man playing Louis XVI was lustily cheered.

Yet this month, President François Mitterrand, a Socialist, clattered into Versailles in a helicopter to give his more upbeat view of the Revolution in a nationally televised speech.

The arrival of the president and Prime Minister Michel Rocard with his cabinet in tow snarled traffic for most of the day, giving a foretaste of what awaits Paris next month when the bicentennial hits high gear.

The president went not to the sumptuous palace but to the legendary Jeu de Paume, or tennis court, where excited middle-class deputies rallied on June 20, 1789, vowing to remain permanently in session until "the constitution of the kingdom is established on solid foundations." It was a turning point in the march toward a republic.

"The end of absolutism — that is the revolution," declared Mr. Mitterrand, flanked by itchy-looking high-school students, the dutifully attentive cabinet members and a collection of journalists invited to witness the president's major statement on the French Revolution.

Mr. Mitterrand sought to rescue the Revolution's accomplishments from the blood in which they were soaked. And so he dwelled on the abolition of noble privileges, the proclamation of human rights, the ending of slavery, the first steps toward free elections and the first national museums.

He acknowledged the revolution's dark side — the mass killings in the Vendée and the madness of the guillotine in Paris — but almost justified them by recalling that the Revolution's leaders faced upris-

See VERSAILLES, Page 6

Germans Raid Firm Over Iranian Deal

By Robert J. McCartney
Washington Post Service

BONN — The police on Thursday raided the offices of a West German company suspected of seeking to help deliver chemicals for making poison gas to Iran.

Prosecutors said for the first time that they had evidence indicating that the company had illegally failed to seek an export permit required for the deal.

A state prosecutor's office said that it began a legal inquiry into the company, Rheineisen Chemical Products GmbH, in Düsseldorf late Wednesday. Last week, the U.S. secretary of state, James A. Baker 3d, told Foreign Minister Hans-Dietrich Genscher of U.S. suspicions about the company in a meeting in Washington.

Earlier Wednesday, the company denied any wrongdoing but acknowledged that it had helped arrange a shipment planned for next month from India via Dubai to Iran of 257 tons of thionyl chloride, which can be used in making mustard gas. Lawyers for Rheineisen said the company had canceled the deal because customs authorities, in response to the U.S. information, had raised doubts about the deal's legitimacy.

West German cooperation in responding to the U.S. concern has been widely contrasted with the unsuccessful attempt by Bonn in January to rebuff U.S. allegations that West German companies were helping to build a chemical arms factory at Rabta, Libya.

"In the Rabta affair, the Americans were rightly angry about the passive Germans," a commentary in the moderate newspaper Stuttgarter Zeitung said. "Things have changed," it added, "and Bonn has learned its lesson."

A Bonn Foreign Ministry official said the handling of the Rheineisen allegations was "an expression of the good cooperation between West Germany and the United States after the Rabta affair."

Nevertheless, officials and commentators warned that the new scandal could add to troubles between West Germany and its most important ally, which have surfaced this year over the Rabta plant and over Western alliance policy on short-range nuclear missiles.

The Rheineisen affair has aroused special concerns that it could encourage the U.S. Congress to approve tough sanctions against foreign companies linked to chemical arms deals with countries like Iran and Libya.

The opposition Social Democrats criticized the governing coalition's handling of the Rheineisen affair and other cases, and urged the creation of a special intelligence unit to combat illicit arms exports.

"New arms scandals have been emerging for months now and always in the same way," a Social Democratic deputy, Albrecht Müller, said. "The government has to be directed to them by the United States or its media."

Police confiscated a large number of documents Thursday in Rheineisen's Düsseldorf offices.

The company is suspected of failing to obtain a required transit permit in violation of a provision adopted in March in a tightening of West German export control laws following the Rabta scandal, a spokesman for the Düsseldorf prosecutor's office said.

"There now exists a concrete suspicion that the company bought chemicals to be supplied to Iran for making poison gas production without the mandatory export permit," said the spokesman, Rolf Chanteaux.

If found guilty, the company would be subject to a maximum fine of 500,000 Deutsche marks ($250,000). It was unclear whether company officials might also face prison sentences of up to three years. That will depend on whether evidence surfaces showing that the company bought and resold products for making chemical arms.

■ India Investigates

Meanwhile, Sanjoy Hazarika of the The New York Times reported from New Delhi:

India is investigating reports that an Indian manufacturer has agreed to supply thionyl chloride to Iran, senior officials said Thursday.

The officials said that the government would take action if it found that the chemical, which is widely used as a pesticide, was to be converted into poison gas.

The officials and businessmen in the chemical industry noted that the product was not barred from export and was a widely traded commodity worldwide.

The Associated Press

Mojtaba Ashtari, the manager of Rheineisen, leaving his office in Düsseldorf after local prosecutors opened a criminal investigation.

Soviets Said to Shift On Regional Arms

By Michael R. Gordon
New York Times Service

WASHINGTON — The Soviet bloc has moved closer to the West's approach at the Vienna arms talks by suggesting a new regional limit on conventional forces in Central Europe, Western officials said Thursday.

The Warsaw Pact proposal appears at least partly to satisfy Western demands that under a new agreement to cut conventional forces in Europe, sharp limits would be placed on the forces that Moscow is allowed to deploy in the Baltic and western regions of the Soviet Union.

The West has insisted that strict limits be set on Soviet forces in these areas to curb any ability for quick reinforcement of any attack against Western Europe.

The issue of regional ceilings is one of the remaining obstacles to an agreement. The two sides also have major disputes over which types of planes to cut and how to reduce troops.

But the two sides already agree on many key points such as the general categories of weapons to be included and the scope of reductions for ground-equipment.

On the nettlesome issue of establishing regional troop ceilings, the West has proposed geographic limits that would compel the Soviet Union to keep many of its forces far away from NATO's lines.

The Soviet bloc had accepted the idea of regional ceilings. But up to now, NATO had found problems with the way the Soviet Union defined regional zones.

Specifically, Western officials have complained that the Warsaw Pact's approach would allow the Soviet armed forces to mass conventional units in the Baltic areas. Such forces could be quickly introduced into Central Europe.

But on Thursday, the Soviet bloc proposed the establishment of a new, large zone that appears to move toward the Western position, according to some U.S. specialists.

The new zone includes East Germany, Poland, Czechoslovakia, Hungary, the Baltic area of the Soviet Union and other main western military districts in the Soviet Union that are relatively close to Central Europe.

On the Western side the new zone includes Britain, France, the Benelux countries, Denmark and West Germany.

Specific limits on conventional forces would be set for this region. For example, the total number of number of tanks that each side could have in this area would be 13,000, officials said.

Western specialists said that the new zone was closer to NATO's general approach than the initial Warsaw Pact plan for geographic ceilings. They also said that the new approach might ease a related dispute over whether stored equipment should be included.

The West has said that stored equipment should be exempted from regional ceilings, arguing that NATO needs to keep such equipment near the front lines so that it can quickly mobilize against a possible attack. The Soviet bloc had insisted that it be included.

Some officials speculated that the new zone proposed by the Soviet Union might facilitate a resolution of the dispute over stored equipment. This is because NATO might have more flexibility in dealing with the issue of stored equipment if the ceiling on weapons in the inventory of active forces and in storage was high enough and if the region covered was relatively large.

Another possible advantage of the Soviet proposal, U.S. officials said, is political. The new zone proposed by the Soviet bloc includes Germany and other key allies such as Britain and France. This eases Western concerns that Germany not be treated as having a separate status under a new conventional arms agreement.

Greek Communist Moves Into Limelight

By Marlise Simons
New York Times Service

ATHENS — In the 18 years during which the Communist guerrilla fighter was jailed, then banished to an island and condemned to death, he probably could not have predicted the phone calls from the presidential palace and from politicians of all stripes coming his way this week.

But Harilaos Florakis, now 75 and secretary-general of the Greek Communist Party, has suddenly become this country's most sought-after politician.

Holding the balance of power after elections in which neither of the two main parties won enough votes to form a government, the tall white-haired villager from the western mountains of Thessaly has been wooed by left and right since June 18.

On Tuesday night, Mr. Florakis was summoned to the palace to receive, like other politicians before him, a three-day mandate in which to form a coalition government.

Wednesday and Thursday, he met with representatives of the main political parties.

Although Mr. Florakis and his aides concede that he has almost no chance of succeeding, they also show their pleasure about this turn of events for their movement, until 1974 reviled and banned for 30 years.

"Well, yes, we are in an interesting position at the moment," said Dimitros Marakas, a party official who spent seven years in political exile. But he added with a smile, "With 13 percent of the vote, we know we cannot form a government."

The large office that Mr. Marakas shares with other party members was decorated with posters of Humphrey Bogart, James Dean and "Gone With the Wind" rather than the familiar clenched fists or oversized workers' portraits.

The scene seemed to help dispel the reputation of the Greek Communist Party as the most old-fashioned, orthodox pro-Moscow party in Western Europe.

Under the influence of their less doctrinaire Communist and Socialist partners in the leftist coalition, the old-time Communists have made other, more substantive changes, they say, like the switch from their longtime stand that the only true road lies in capturing power for the workers.

They have included current topics like women's issues and environmental concerns in their platforms. But they say that they remain uncompromising on U.S. military bases in Greece, which they want to see dismantled.

The main stake in the political negotiations is not merely who will lead an interim government to new elections, but rather the question of whether high officials who served with Andreas Papandreou, the Socialist prime minister of Greece for the last eight years, will be prosecuted for their supposed role in several cases of large-scale corruption.

The conservative New Democracy Party of Constantine Mitsotakis, in its desire to enlist the Communists in a government, has offered them several cabinet posts.

For their part, the Socialists of Mr. Papandreou have produced such a long list of offers to get the Communists on their side as to produce smiles of disbelief in the Communist headquarters.

"Both sides have met most of our demands," said Takis Michalatos at the party headquarters. "But that is not the answer."

Mr. Florakis said this week that he wants to get all three political leaders to step aside to pave the way for a government of the three political groups with younger leaders.

This strategy would put the Communists on an equal footing with the other main political forces in Greece.

Haughey Resigns After Parliament Loss

By Craig R. Whitney
New York Times Service

DUBLIN — For the first time in its history, a newly elected Irish parliament could not put together a government Thursday; Prime Minister Charles J. Haughey, who had sought a fourth term, was forced to resign.

He said Thursday night that he would continue in a caretaker role and would try to scrape together a working majority when the legislators reconvene Monday.

He explained, "Lest there be any misunderstanding of my position, I will inform the president of my resignation this evening."

The political betting here Thursday was that Mr. Haughey will somehow pull off an alliance with one of the other parties on Monday. He is considered the great survivor of modern Irish politics, having overcome scandals involving illegal government wiretapping of political opponents in the 1980s and an acquittal on charges of gunrunning to guerrillas in Northern Ireland in the 1970s.

For Ireland, which has never been inconclusive in its politics in 67 years of independence, this was high political drama. Its first act occurred two weeks ago when Mr. Haughey called elections, to strengthen his hand.

Instead, when the votes were counted, his Fianna Fail Party had lost four seats, emerging with only 77 in the Dail, a 166-seat legislature in which 83 seats are needed for a majority.

Mr. Haughey on Thursday was supported by all of his party's deputies as well as an independent, Tom Foxe. Mr. Foxe had run from Roscommon pledging to reopen hospital wards that Mr. Haughey's budget-cutting policies had forced to close.

Mr. Haughey said he would not recommend dissolving the new Dail and calling for yet another election two weeks after the last one, which nobody but he had wanted. Constitutionally, the Irish president, Patrick J. Hillery, can only dissolve the legislature if the prime minister recommends it.

Over the previous two years, Mr. Haughey's budget-cutting policies had been supported by the opposing Fine Gael Party. But Mr. Haughey tired of dependency on his political foes after losing votes on peripheral issues. He called new elections at the end of May, thinking he could win a majority for Fianna Fail to form a government by itself.

Thursday, Fine Gael supported its chairman, Alan Dukes, who was also backed by the six Progressive Democrat deputies — not enough support to win. Dick Spring, the leader of the Labor Party, which won 15 seats in the June 15 elections, made a symbolic bid with the support of the seven members of the Workers' Party.

It was clear from the beginning that only Mr. Haughey had a chance. At first, he hoped after the elections that Fine Gael would let bygones be bygones and resume the old cohabitation. But the party demanded an equal partnership, with a rotation of the prime ministership between Mr. Dukes and Mr. Haughey. The prime minister rejected the demands, seeking support instead from the election's other big losers, the Progressive Democrats.

Although the election cut them from 14 seats to six, the Progressive Democrats decided Tuesday night to stick with their election pledge and back Mr. Dukes, ensuring Mr. Haughey's predicament Thursday.

"I think Mr. Haughey assumed he would get more credit for the sound management of the economy than he did get," an Irish official said Thursday, adding, "He did not establish during the campaign that the election was really necessary."

PLO: *U.S. Widens Tie*

(Continued from page 1)

on at a July 5 central committee meeting of the Likud bloc.

In the Kuwaiti press agency interview, Mr. Khalaf said he had begun discussions with Ambassador Pelletreau outside the formal dialogue that the American has been holding with the PLO's designated delegation leader, Yasser Abed Rabbo.

Mr. Khalaf was quoted as having said that the U.S. administration had instructed Mr. Pelletreau to expand his contacts with PLO officials and that he had met twice so far with him to discuss Mr. Shamir's election plans. His latest meeting, he said, was Monday but it was not clear whether he meant this week or last.

Mr. Khalaf was quoted by the news agency Reuters as having said that the higher-level contacts were "an important and positive development."

The Bush administration has been pressing the PLO to accept the plan and to authorize Palestinian officials from the occupied territories to discuss the plan with the Israeli government.

The PLO, in turn, has been pressing the administration for meetings with higher U.S. officials, partly to show skeptics among its followers that the dialogue is valuable as a way of gaining greater U.S. diplomatic recognition.

State Department officials said Wednesday that there were no plans for any U.S. official other than Mr. Pelletreau to meet with the PLO leaders.

Tehran Tops List of Most Expensive Cities

The Associated Press

GENEVA — Inflation and a shortage of goods have made Tehran the world's most expensive city, ending Tokyo's four-year run at the top of the list, according to a survey of 105 cities published Thursday.

Despite high inflation rates, Latin American cities remain the most financially attractive to expatriates, with the Ecuadorian capital, Quito, winning the title of least expensive city, according to the twice-yearly study by Business International, a Geneva-based research company.

Taking New York as the base of 100 and using the dollar exchange rate of April 3, Tehran had a cost-of-living index of 209, followed by Tokyo at 202 and another Japanese city, Osaka, 200. The strength of the Central African Franc and heavy import taxes placed six West African cities in the "top 10," headed by Libreville, the capital of Gabon, with an index of 166. Oslo, ranked eighth, continued to be the costliest European city, with an index of 142.

The survey uses a weighted index based on a variety of items including food, entertainment and transportation but not housing. It is intended to help international companies determine cost-of-living differentials for their expatriate employees.

The rankings:

1. Tehran 209
2. Tokyo 202
3. Osaka-Kobe 200
4. Libreville 166
5. Brazzaville 164
6. Lomé 155
7. Douala 148
8. Abidjan 142
8. Oslo 142
10. Helsinki 136
10. Taipei 136
12. Dakar 126
13. Geneva 118
13. Tel Aviv 118
15. Copenhagen 117
15. Vienna 117
15. Zurich 117
18. Stockholm 112
19. Moscow 111
19. Seoul 111
21. Paris 110
22. Hamburg 109
22. London 109
22. Munich 109
25. Milan 107
26. Barcelona 106
26. Dublin 106
26. Madrid 106
26. Port Moresby 106
26. Rome 106
31. Beijing 105
31. Lyon 105
31. Tripoli 105
34. Brisbane 104
34. Berlin 104
34. Düsseldorf 104
37. Brussels 103
37. Melbourne 103
39. Sydney 102
40. Frankfurt 101
41. Adelaide 100
41. Montreal 100
41. New York 100
41. Toronto 100
41. Wellington 100
46. Perth 98
46. Singapore 98
48. Auckland 97
48. Los Angeles 97
48. Washington 97
51. Abu Dhabi 96
51. Chicago 96
51. Mexico City 96
51. San Francisco 96
55. Amsterdam 95
55. Houston 95
55. Miami-Coral Gables 95
58. Boston 91
58. Hong Kong 91
60. Cairo 88
60. Lima 88
60. San Juan 88
60. Vancouver 88
64. Cleveland 79
64. Jakarta 79
66. Manila 74
67. Istanbul 66
68. Johannesburg 64
69. Bangkok 63
69. Tunis 63
71. Harare 52
72. Lagos 49
73. Budapest 47
74. Buenos Aires 45
74. Rio de Janeiro 45
76. Caracas 42
76. São Paulo 42
78. Belgrade 37
79. Quito 34

WORLD BRIEFS

French Extremists Sentenced to Life

LYON (AP) — A special court convicted three leaders of the leftist extremist group Direct Action on Thursday and sentenced them to life in prison on charges including the murder of a civilian guard and two policemen.

The court also convicted 14 other defendants and gave them prison sentences ranging from 10 months to seven years. The verdicts, on charges arising from three murders, three armed assaults and 32 armed robberies between 1980 and 1986, were handed down after seven hours of deliberation.

André Olivier, 46, the ideological leader of the Lyon-based group, and his deputy, Maxime Frérot, 33, the group's explosives expert, must serve at least 18 years of their life sentences. Emile Ballandras, 40, must serve at least 16 years of his life sentence, the court ruled.

Israel Deports 8 Accused in Uprising

JERUSALEM (AP) — The army deported eight Arabs to Lebanon on Thursday after accusing them of being among the leaders of the 18-month Palestinian uprising against Israeli rule, according to a military communiqué.

The expulsions came despite repeated U.S. protests that they violated human rights and could mire efforts to start Middle East peace talks. Israel has deported 55 Palestinians since the uprising started, most of them to Lebanon.

The army also announced that it had demolished three Gaza Strip houses belonging to Arabs accused of killing an Israeli soldier and a Palestinian suspected of collaborating with Israelis.

Eritrean Rebels Agree to Peace Talks

LONDON (NYT) — Eritrean rebels engaged in a 28-year war against the Ethiopian authorities said Thursday that they were willing to talk "without preconditions" to the government of President Mengistu Haile Mariam.

Isaias Afewerki, secretary-general of the Eritrean People's Liberation Front, said that his group was prepared to enter immediately into serious, unconditional negotiations that were publicly acknowledged by both sides and held in the presence of independent observers.

Mr. Mengistu last month made an offer of unconditional peace talks to both Tigrean and Eritrean rebels in the country's northern provinces, barely three weeks after loyal troops crushed an attempted coup by senior officers seeking an end to the war. The Tigre People's Liberation Front, which has been fighting the government for 14 years, earlier this month announced its acceptance of the initiative.

U.S. Charges Ship Captain in Oil Spill

PROVIDENCE, Rhode Island (AP) — The captain of a tanker that spilled 420,000 gallons (1.6 million liters) of oil was confined to his ship Thursday after being charged with polluting waters off Rhode Island.

For the first time since Friday's accident, fishermen were free to harvest shellfish from parts of the upper Narragansett Bay. Officials said almost all the oil had evaporated.

Iakovos Georgudis, 43, was charged with two misdemeanor counts of discharging pollutants into the water in violation of the Clean Water Act and Federal Refuse Act. The captain also is under investigation by a state grand jury. Each misdemeanor carries up to a year in prison and a $100,000 fine or double the actual damages. The Coast Guard has estimated damages at $1.6 million.

Palme's Wife Panicked, Witness Says

STOCKHOLM (Reuters) — A young nurse who tried to give heart massage to the dying Olof Palme moments after the Swedish prime minister was shot said in court Thursday that Mr. Palme's wife, Lisbet, had been hysterical.

"When I leaned over Palme to take his pulse, she tried to push me aside and told me to leave him alone because he had to go to the hospital," the witness, Anna Hage, testified. "Then she pushed me again."

Arne Liljeros, the lawyer who is defending Christer Pettersson, has been using a strategy aimed at casting doubt on the reliability of earlier testimony from Mrs. Palme, a key witness in the case. Mrs. Palme testified that she was calm at the time and clearly remembered Mr. Pettersson as the man staring at her husband as he lay bleeding in the street seconds after the shooting on Feb. 28, 1986.

Uno's Rating in Tokyo Falls to 10.2%

TOKYO (UPI) — Accusations that Sosuke Uno paid a geisha for sex has caused the prime minister's popularity rating to slide to 10.2 percent in a poll of Tokyo voters released Thursday, adding to expectations that he will be forced to resign soon.

In previous nationwide polls conducted since Mr. Uno took office June 2, his popularity rating ranged from 22 percent to 25 percent. The new poll, by the Kyodo news service, also showed that 70 percent of the voters did not support Mr. Uno and that 80 percent believed that the accusations would affect the chances of his governing Liberal Democratic Party in elections next month. Mr. Uno, 66, took office June 2 after Prime Minister Noboru Takeshita was forced to resign in a bribery scandal. Within a week, a geisha accused Mr. Uno of having paid her for sex.

Mr. Uno, who reportedly offered his resignation to party leaders on Tuesday, spent Thursday in meetings with religious leaders and female executives to try to counter the effect of the accusations.

For the Record

The French Army, responding to criticism of a plan to place an anti-aircraft defenses on the Tolbiac Bridge in southeastern Paris during the economic meeting of seven major industrialized nations July 14 to 16, will look for another site, a spokesman said Thursday. *(UPI)*

TRAVEL UPDATE

Paris Expects Deluge of U.S. Tourists

PARIS (AP) — American tourists will account for the largest proportion of visitors expected for the July celebrations of the French bicentennial, Olivier Stirn, minister of tourism, said Thursday. The "bicentennial factor," he said, would significantly improve tourism income, helping France move up from fourth place to recapture first as a tourist destination.

Interviewed on French radio, Mr. Stirn said he expected "an absolute record" of 2.5 million Americans in France for the celebrations, centered on July 14, Bastille Day. As of July 1, Americans no longer need to obtain visas for visits of up to three months in France.

Iranian, Turkish and Pakistani airlines agreed Tuesday to set up a catering service to provide *halal* meals — food that conforms to Islamic custom — for their own planes and other carriers. *(Reuter)*

Seven million people in France are expected to take to the roads this weekend for the start of the annual summer vacation rush, traffic officials said Wednesday. The worst conditions are expected Saturday on the main A6 highway from Paris to the Mediterranean coast. *(AFP)*

Bus and tram drivers in the Polish cities of Kielce and Torun struck for more pay Thursday, causing chaos for travelers, a day after drivers in the northern city of Bydgoszcz won an 80 percent pay raise. *(Reuters)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	25	77	19	66	fr
Amsterdam	13	55	11	52	r
Athens	32	90	23	73	s
Barcelona	28	82	20	68	s
Belgrade	28	82	16	61	s
Berlin	21	70	12	54	s
Brussels	21	70	12	54	s
Budapest	25	77	15	59	s
Casablanca	23	73	16	61	s
Costa Del Sol	28	82	19	66	s
Dublin	15	59	9	48	r
Edinburgh	16	61	9	48	r
Florence	28	82	16	61	s
Frankfurt	22	72	14	57	s
Geneva	26	79	15	59	s
Helsinki	20	68	12	54	r
Las Palmas	25	77	21	70	s
Lisbon	28	82	17	63	s
London	19	66	11	52	r
Luxembourg	22	72	14	57	s
Madrid	30	86	16	61	s
Milan	28	82	16	61	s
Moscow	20	68	12	54	s
Munich	22	72	14	57	s
Nice	26	79	18	64	s
Oslo	19	66	12	54	sh
Paris	21	70	14	57	s
Prague	19	66	13	55	s
Reykjavik	13	55	8	46	r
Rome	28	82	22	72	s
Stockholm	19	66	12	54	r
Strasbourg	24	75	16	61	s
Vienna	28	82	16	61	s
Warsaw	23	73	13	55	s
Zurich	26	79	16	61	s

MIDDLE EAST

Ankara	28	82	17	63	s
Cairo	35	95	24	75	s
Istanbul	28	82	22	72	s
Jerusalem	31	88	22	72	s
Tel Aviv	28	82	19	66	s

OCEANIA

Auckland	—	—	—	—	—
Sydney	17	63	12	54	sh

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	34	93	24	75	s
Beijing	34	93	22	72	s
Hong Kong	31	88	27	81	s
Manila	33	91	24	75	s
New Delhi	41	106	27	81	s
Seoul	30	86	21	70	s
Shanghai	33	91	23	73	s
Singapore	32	90	26	79	t
Taipei	33	91	27	81	t
Tokyo	31	88	22	72	s

AFRICA

Algiers	31	88	20	68	s
Cape Town	—	—	12	54	s
Casablanca	—	—	12	54	s
Harare	—	—	12	54	s
Lagos	—	—	23	73	sh
Nairobi	21	70	15	59	r
Tunis	30	86	22	72	s

LATIN AMERICA

Buenos Aires	—	—	—	—	sh
Lima	—	—	—	—	mcdy
Mexico City	24	75	14	57	t
Rio de Janeiro	—	—	—	—	sh

NORTH AMERICA

Anchorage	20	68	11	52	pc
Atlanta	28	82	21	70	t
Boston	26	79	18	64	s
Chicago	24	75	15	59	t
Denver	34	93	17	63	s
Detroit	25	77	16	61	t
Honolulu	31	88	25	77	s
Houston	31	88	23	73	t
Los Angeles	27	81	17	63	s
Miami	31	88	24	75	t
Minneapolis	28	82	17	63	t
Montreal	28	82	17	63	t
Nassau	31	88	25	77	t
New York	28	82	19	66	t
Phoenix	41	106	25	77	s
San Francisco	22	72	14	57	s
Seattle	22	72	13	55	pc
Toronto	28	82	17	63	t
Washington	29	84	21	70	t

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Slightly rough. FRANKFURT: Showers. Temp. 15—21 (59—70). LONDON: Fair. Temps. 11—20 (52—68). MADRID: Fair. Temps. 16—32 (61—90). NEW YORK: Fair. Temps. 17—26 (63—79). PARIS: Fair. Temps. 14—27 (57—81). ROME: Fair. Temps. 17—27 (63—81). TEL AVIV: Fair. Temps. 17—28 (63—82). ZURICH: Fair. Temps. 15—25 (59—77). HONG KONG: Showers. Temps. 30—27 (86—80).

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U.S. Vote Censures Beijing

House Urges Bush To Add Penalties

The Associated Press

WASHINGTON — The House of Representatives unanimously approved new sanctions against China on Thursday, pushing aside Bush administration objections in an expression of outrage over Beijing's violent crackdown on pro-democracy demonstrators.

The sanctions, approved 418 to 0, were in the form of an amendment to a two-year, $23-billion foreign aid bill. The House action, at least for now, was largely symbolic. The foreign aid bill is politically unpopular, and it is far from certain that the bill will be acted on by the Senate and win final passage.

President George Bush, who had condemned the violence in China, had previously halted military aid and banned exchanges of military officials and high-level visits.

In addition to endorsing the president's moves, the House amendment included a suspension of trade and development programs, a ban on the sale of police-related weapons and limits on the transfer of high-technology and nuclear materials or components.

But it stopped short of more extreme measures, including the suspension of most-favored-nation trading status for China, which Mr. Bush renewed May 31 for a year, and the withdrawal of the U.S. ambassador from Beijing.

The amendment called on Mr. Bush to make clear to China that normal relations cannot resume without a halt to the executions of dissidents, the release of political prisoners and renewed respect for human rights. It specifically links U.S.-China relations, as well, to increased freedoms in Tibet.

"We must send a clear message to Beijing that the loss of private capital, skills and technological know-how is the price it must pay for the disregard of human life," said Representative Gus Yatron, Democratic of Pennsylvania, chairman of the House Foreign Affairs subcommittee on human rights and international organizations.

Secretary of State James A. Baker 3d rejected the Houses measures before the vote, declaring that human rights "is not the only principle which determines our foreign policy" and defended Mr. Bush's cautious response to the bloody suppression.

But Mr. Baker stopped short of suggesting that the administration would veto the proposals should they win congressional approval, holding out the prospect of a compromise.

"There are some things we like," including its assertion that the nation should "speak with one voice," he said. "But there are some other things in there that we simply just can't go along with."

■ Reversal for Republicans

Don Phillips and Don Oberdorfer of The Washington Post reported earlier:

The bipartisan agreement was a reversal for senior House Republicans. Earlier in the week they had opposed any new action on grounds that Mr. Bush should be permitted to take the lead and set the pace on such a key issue.

Amid the growing public criticism of China, it was clear that most House members were eager to express themselves directly.

"It's a recognition that there has to be in this case an expression of feeling by the Congress," a Republican aide said. He added that the leadership also wanted to avoid multiple amendments on the House floor that seemed inevitable if the leadership did not take charge.

An official said, "The White House is no part of this deal," adding that legislators were "aware of the president's position," which has been to oppose strongly any measures against China at this time.

However, William S. Broomfield of Michigan, ranking Republican on the House Foreign Affairs Committee, said, "I think we are very close to getting an agreement the White House can approve."

Michael Maloney/The Associated Press

STRIKING UP THE CONTRABAND—Television news crews are silhouetted filming the destruction of three tons of illegal fireworks in Fremont, California.

U.S. Navy Reportedly Discounted Warning on Spy

By Stephen Engelberg
New York Times Service

WASHINGTON — Several years before Glenn Michael Souther was granted access to highly classified space-satellite intelligence, his estranged wife warned U.S. Navy investigators that her husband was a Soviet spy, according to officials here.

A brief inquiry seven years ago did not turn up evidence to support the charges, which intelligence officials now believe were true. The officials said Mr. Souther went on to do his most significant espionage while attached to the navy base in Norfolk, Virginia, as a reservist.

The Soviet armed forces newspaper, Krasnaya Zvezda, reported Tuesday that Mr. Souther had died at the age of 32. The wording of the obituary, which used the Russian name "Orlov" to identify him, gave rise to speculation that perhaps he had been a Soviet citizen all along who had been planted in the navy.

But General Vladimir A. Kryuchkov, head of the KGB, the Soviet security and intelligence service, appeared to rule out that possibility in Moscow, saying that Mr. Souther was recruited "several years ago."

General Kryuchkov disclosed that Mr. Souther had committed suicide, and said "his nervous system could not stand the pressure" of life in the Soviet Union.

Mr. Souther fled the United States in 1986, shortly after being confronted by the Federal Bureau of Investigation.

American officials, elaborating on an account in the Wednesday issue of The Washington Times, said the first warning that Mr. Souther might be spying on behalf of the Soviet Union came in late 1981, when his estranged wife, an Italian, got in touch with an agent of the Naval Investigative Service at a base in Gaeta, Italy.

At the time, Mr. Souther was stationed in Italy at the headquarters of the U.S. Navy's Sixth Fleet.

U.S. officials have concluded that he was recruited as a Soviet spy during his tour in Italy, from 1979 to 1982.

The Italian wife, from whom he was later divorced, said she believed her husband was a Soviet agent. She was described by Americans as under the influence of alcohol during this meeting.

In later interviews, the woman declined to provide additional details or to cooperate, prompting the navy investigator to question Mr. Souther's brother-in-law, a navy officer also stationed in Italy. The names of the ex-wife and the brother-in-law could not be learned.

Administration officials said the brother-in-law attributed the espionage allegations to a bad marriage. The inquiry was dropped.

One official familiar with the record of the case said the decision was a "judgment call" about a vague and unsubstantiated tip.

Several months later, in December 1982, navy records show that Mr. Souther left the service. He enrolled at Old Dominion University in Norfolk and simultaneously did reserve duty with the Norfolk navy base.

There, officials said he was permitted access to photographs taken by U.S. surveillance satellites. While Mr. Souther may not have fully understood their significance, the officials said that a careful analysis by Soviet intelligence officers probably provided valuable insights into the satellite capabilities.

Suspicions about Mr. Souther did not surface again until late 1985, several months after the arrest of John A. Walker, the retired navy warrant officer. Mr. Walker was turned in by his ex-wife in a case that emerged as one of the gravest penetrations of U.S. military secrets since World War II.

Roh Rejects Senate's Call for U.S. Troop Cuts

New York Times Service

SEOUL — Rejecting demands in Washington for a cutback in American forces in South Korea, President Roh Tae Woo has asserted that the U.S. troops here contribute to peace and stability in Asia at a minimal cost to American taxpayers.

"It is the most economic investment strategically for America to maintain this forward deployment of its military forces," Mr. Roh said of the 43,000 American troops stationed in his country. "There is a saying in America, 'If it ain't broke, don't fix it.' I think it neatly applies to this situation."

Mr. Roh made the remarks at his first formal news conference since he took office a year and a half ago in a step in South Korea's uneasy transition to civilian government after decades of mostly authoritarian military rule.

The president's comments about U.S. troops were prompted by the introduction recently of legislation in the U.S. Senate calling for a cutback of 10,000 troops in South Korea by 1992.

Supporters of the legislation say that South Korea is now a booming economy that can afford to defend itself, and that the threat from North Korea has diminished.

Joris Ivens, Maker of Films On Revolution, Dies at 90

The Associated Press

PARIS — Joris Ivens, the documentary filmmaker who believed that movies were political and social tools for bettering the human condition, died of a heart attack provoked by kidney failure in a Paris hospital Wednesday night, his wife said Thursday. He was 90.

Mr. Ivens was considered one of the world's leading avant-garde documentary filmmakers.

Born in the Netherlands, he was known for his leftist political beliefs and anti-colonialist views. Because of them, he was denied Dutch government support for his work for decades and at one point was hounded by officials until he went into self-imposed exile.

Mr. Ivens eventually created about 60 films spanning seven decades, many devoted to documenting revolutionary struggle.

His most recent film, "The Story of Wind," was released in Paris in March. Shot in China, it is a personal view of the Chinese.

Mr. Ivens was born Nov. 18, 1898, in Nijmegen. He briefly studied economics before turning to filmmaking full time in 1923, and began to establish an international reputation in 1928-29 with "The Bridge," "Breakers," and "Rain."

His masterpiece is considered "The Spanish Earth," a 1937 film about the Spanish Civil War made with Ernest Hemingway. Mr. Ivens fought on the Republican side during the war.

In 1986, he reconciled with the Dutch Government, which gave him the Golden Calf award at the Dutch Film Days exhibit in Paris. The award was accompanied by a formal apology for past treatment by previous governments.

AP

Joris Ivens

She was also a contributor to the Parsons School Of Design, where she studied as a young woman, and to the Manhattan School of Music.

Within the Newhouse enterprises, she was a corporate officer and took a special interest in Vogue magazine, one of the Condé Nast group publications bought by her husband in 1959.

Mitzi Newhouse, 87, Patron Of Arts and Fashion Leader

PALM BEACH, Florida (AP) — Mitzi Newhouse, 87, a patron of the arts and a leading figure in women's fashion, died Thursday.

Mrs. Newhouse, the widow of the newspaper and magazine publisher S.I. Newhouse, was an ardent supporter of the theater. Her gift in 1973 of $1 million to help establish the Mitzi Newhouse Theater at Lincoln Center enabled Joseph Papp's New York Shakespeare Festival to become part of the performing arts center.

■ *Other deaths:*

Rene Wiegert, 59, the original music director of "Cats," "Evita," and other hit Broadway shows, in Goshen, New York, on Monday of unspecified causes.

Failing Its Children, California Gets a 'D'

Report Cites a Decline in Services

By Robert Reinhold
New York Times Service

LOS ANGELES — In California, richest and most populous of the United States, half the children have not been fully immunized against disease and one in five has no health insurance; youngsters are more than twice as likely to be jailed as children in other states and are 50 percent more likely to be abused.

These are among major conclusions of a "children's report card" released by prominent Californians, alarmed at what they said were rapidly deteriorating conditions for the 7.6 million children — one of every nine in the United States — living in this state. They gave the state an overall grade of "D."

"California is the richest state in terms of human and capital resources, and yet for hundreds of thousands of children, California is like living in the Third World," said Shirley M. Hufstedler, a prominent lawyer here who was secretary of education under President Jimmy Carter.

The study gives further evidence that California has lost its role as an innovator in public education and social programs. Over the last decade, the state has undergone a tremendous population boom, but it has been unable to maintain services, some critics say, because of voter-imposed ceilings on government taxing and spending. Other observers contend that the spending priorities of Governor George Deukmejian, a fiscally conservative Republican, are to blame.

Adding to the public burden has been a huge influx of immigrants from Latin America and Asia in recent years, and many here fear that a deep economic and social chasm is opening between the affluent and the poor.

The report, released Wednesday, was prepared by Children Now, a nonpartisan group founded last year that says its mission is to give voice to the needs of California children and families, particularly those "who are poor or at risk."

Collaborating in the study were Justice Allen E. Broussard of the California Supreme Court; Donald Kennedy, president of Stanford University; Peter V. Ueberroth, a former commissioner of baseball and director of the 1984 Los Angeles Olympic Organizing Committee; Jaime Escalante, a Los Angeles high school mathematics teacher who was the subject of the film "Stand and Deliver," and Ms. Hufstedler.

The group's conclusions were challenged by officials of the Deukmejian administration.

"We think we have made some remarkable progress in the last few years," said the assistant secretary of the Health and Welfare Agency, Jacquelyn A. Paige, citing recent improvements in access to obstetrical care by low-income residents.

The study measured the state's performance by 27 indicators related to child health, education, safety, teen years and family welfare.

> **'For hundreds of thousands of children, California is like living in the Third World.'**
> **Shirley M. Hufstedler, former U.S. secretary of education**

It found that California had deteriorated on 11 of 21 benchmarks for which comparisons were possible and improved on 10 in the last few years. But compared to national averages, the state ranked below average by 14 of 18 criteria, such as inadequate immunization, graduation rates, child abuse and neglect, youth homicides, teen-age pregnancy and children in poverty.

State officials suggested that the report gave undue emphasis to old data. "The increase in growth in population tells me that people think we have a good economy and want to come here to raise their children," said Liz Brady, a spokeswoman for the Department of Social Services.

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Thursday July 13

The IHT bursts into full color to mark the 200th "Bastille Day"

For the first time in its 102-year history, the front page of the IHT will appear in sparkling four-color: the four outer pages of the July 13th issue will consist of a color wrap-around section full of news and information on the Paris Summit Meeting and on the celebrations being staged that week to mark the Bicentennial of the French Revolution.

There will be special articles by Jim Hoagland, James Markham and Mary Blume... and, **of course, a special bicentennial column by Art Buchwald.**

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OPINION

Bonn and the Want Ads

WANTED: A chemical plant for Libya ... Nerve gas for Iran ... Low-enriched uranium for South Africa ... Heavy water for Argentina and India ... Uranium and tritium processing plants for Pakistan ... Missile know-how for Argentina, Brazil, Egypt, Iraq and Libya.

A West German company seems to respond every time people place a want ad, or what passes for that in the shadowy business of supplying materials or assistance for the manufacture of chemical and nuclear weapons and the missiles to deliver them. More than 70 West German companies aided Pakistan's bomb-making efforts, according to Stern, the German magazine.

The newly reported sale by a West German company of several hundred tons of chemicals used to make mustard gas is just the latest in a long list of dubious deals arranged by West German companies or their foreign subsidiaries. Repeated intercession by the U.S. State Department had failed until now to get the Bonn government even to oust the Iranian diplomat responsible for covert purchase of the chemicals.

This time, however, the West Germans have moved promptly to act on the charges, rather than defensively deny them, as they did in January when it was disclosed that Imhausen-Chemie helped design and construct a chemical plant in Libya. Their timely intervention may allow the goods to be intercepted en route. The company has now canceled its contract with Iran. Since the January flap, Bonn has decreed it unlawful for any West German citizen, even one working abroad, to take part in the construction of the Libyan plant, as well as to assist Libya in extending the range of its aircraft by aerial refueling. Bonn is also drafting legislation to restrict the export of certain sensitive materials and processes.

It is not always easy for governments to ride herd on maverick companies that want to make a quick profit. Arms deals are often intricate, involving equipment purchases from one country, often the United States, for sale to a second and delivery to a third. West Germany's history and constitution make state controls over the economy especially suspect in the eyes of its courts. And controls run against the natural impulse of free marketeers in Bonn and elsewhere. In any case, few arms-exporting states have clean hands, as the U.S. swap of arms for hostages with Iran attests.

But the extent of West German involvement in such arms deals supports skepticism about whether Bonn finally means a real break with business as usual. If so, it can demonstrate its commitment to curbing weapons traffickers by enacting tough new legislation, beefing up enforcement staffs and improving intelligence coordination. By so doing, it would answer the want ad Washington could reasonably place:

HELP WANTED: Effective laws and prosecution by the West German authorities to stanch the flow of chemical and nuclear weapons and missiles.

— THE NEW YORK TIMES.

Teen-Agers on Death Row

In deciding what kinds of punishments are cruel and unusual and thus barred by the Eighth Amendment, the Supreme Court has not confined its inquiry to the original intent of the Constitution's framers. In the late 18th century, for example, the death penalty was allowed for a variety of crimes, and it could, theoretically, have been imposed on children as young as 7. While the common law did not countenance the execution of "idiots" or "lunatics," these terms were generally used then to describe people who were totally lacking in the ability to reason or understand and were unable to distinguish between good and evil.

Courts in the early days of America would have had no trouble approving death sentences for 16- and 17-year-olds or for people we now think of as mentally retarded, though able to understand the nature and morality of their acts. But society's norms have changed in 200 years, and judgments about what is cruel and unusual are very different. Now, the Supreme Court has said that Eighth Amendment decisions shall be made not on the basis of the framers' standards alone but on the "evolving standards of decency that mark the progress of a maturing society."

On Monday, the Supreme Court considered three death penalty cases, all involving egregious murders. The murderer in one case was 16 when he committed the crime; in another, he was 17; and in the third he was "mildly" mentally retarded, having an IQ of 54. In all three cases — the two involving age were decided together — the justices looked at a variety of factors to determine the current state of "evolving standards of decency" and came to the conclusion, 5 to 4, that none of the executions was constitutionally prohibited.

The majority put heavy reliance on the actions of state legislatures. Most states allowing capital punishment do not bar it for 16- and 17-year-olds; only two states, Maryland and Georgia, forbid the execution of the mentally retarded. They also reviewed judicial experience and found that the young and the retarded continue to be sentenced to death, though not frequently. Other factors such as the proportionality of the penalty to the blameworthiness of the offender and whether the penalty makes a measurable contribution to the acceptable goals of punishment are, they ruled, best left to juries.

As opponents of capital punishment under any circumstances, we are strongly opposed to these results. Executing individuals for crimes committed when they were 16 or 17 or when they had the mental age of 6 is morally repugnant and a violation of the Eighth Amendment. If a majority of the court does not believe that the public has evolved to a level of decency that rejects such cruelty, citizens must demonstrate through state legislatures that this is the case.

— THE WASHINGTON POST.

AIDS: Don't Play Games

The AIDS epidemic is far from over. But the toll of new cases, which has been rising for years, may at last be about to level off and then decline.

Gloomier numbers released this week by the General Accounting Office mask the possibility that the epidemic's worst rages may be abating.

The GAO study argues that AIDS cases are now under-reported, the true toll being a third higher. Thus total cases by the end of 1991 could reach 300,000 to 480,000, higher than the 285,000 cases projected by the federal Centers for Disease Control.

Representative Henry Waxman, the California Democrat who commissioned the study, cites the new figures to urge more money for AIDS research and health care.

Mr. Waxman draws attention to the new figures in a just cause. But more important for the future shape of the epidemic is the number of new infections. In certain major groups, these seem to be leveling off.

If so, the epidemic will peak, and maybe sooner than many forecasters expect. The reason is that the disease is still very largely confined to specific risk groups. Once all susceptible members are infected, the numbers of new victims will decline.

There are already signs of that. The rate of new infections among homosexual men in New York and San Francisco has dropped sharply since 1983, and among white gay men in New York it is now less than 1 percent.

Among New York addicts, the proportion infected seems to have stabilized at 50 percent to 60 percent since 1984. New addicts are still being infected, but in numbers that are offset by those who die as a result of the disease.

Since infection precedes overt disease by five years or so, a decline in infection will be followed five years later by a drop in the number of new cases.

Thus cases among gay men in New York should level off soon, though the new and wider definition of AIDS used by the Centers for Disease Control may mask any plateau for some months.

The AIDS virus can be heterosexually transmitted to the regular partners of bisexual men and addicts, but is generally not spreading beyond these groups.

The evidence comes from interviewing first-time blood donors and people attending sexual disease clinics. In almost all cases, those infected with the virus turn out to be gay, addicted or the sexual partners of those who are.

A disquieting exception to this trend has appeared recently in the South Bronx, where 15 percent of infected people at a sexual disease clinic had no known risk factor. But many had used crack. With the sale of drugs for sex in crack houses, there has been an outbreak of diseases like syphilis, which may foster spread of the AIDS virus through sores that break the skin.

Heavy use of crack in a community with many infected drug users could sustain the epidemic among its heterosexuals.

The national caseload of AIDS is the sum of many separate epidemics that started at different times in different cities. If drug abusers in other cities become infected at the same 50 percent rate as have those in New York, the virus has many new victims awaiting it.

But in Los Angeles and Seattle, for instance, the proportion of addicts infected has stayed at about 15 percent. Unless the crack epidemic spreads or some new population becomes susceptible, it is reasonable to hope that the AIDS plague will at least level off in the next few years.

Advocates for people with AIDS sometimes accept good news badly; steadily rising tolls are such a powerful argument for new resources.

When the New York City health commissioner, Stephen Joseph, last year halved the estimated number of infected New Yorkers, from 400,000 to 200,000, he met with more rage than relief.

The epidemic is terrifying enough without playing politics with the numbers. The more directly prevention can be targeted at those most at risk — notably black and Hispanic gay men, intravenous drug addicts, crack users and their communities — the sooner the deadly tide will be turned.

— THE NEW YORK TIMES.

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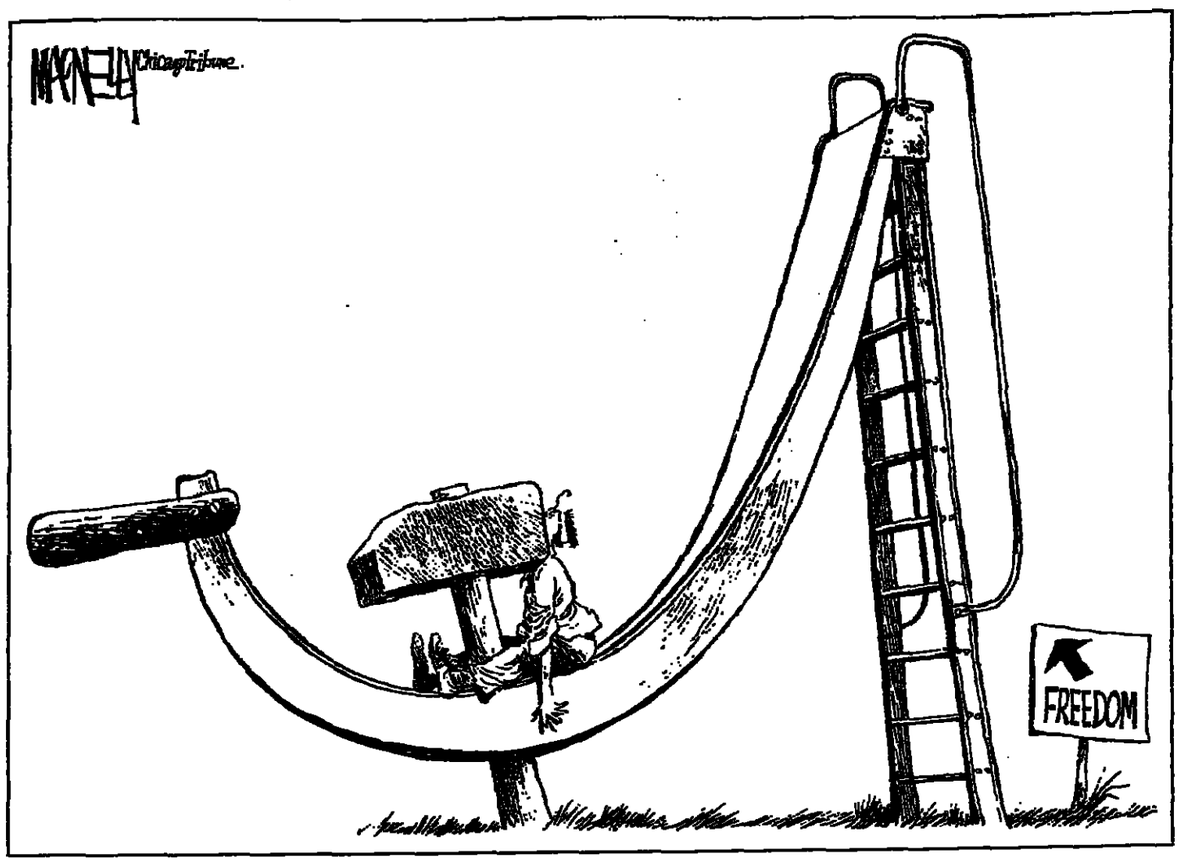


A Common Coin for the EC Realm? Not Quite Yet

By Giles Merritt

BRUSSELS — How realistic is the idea of a single European currency? Is it possible that in a few years' time we will be saying goodbye to the francs and florins, pounds and lire, Deutsche marks and pesetas that so complicate life in Europe for the traveler and the businessman?

This week's European Community summit meeting in Madrid may have cleared the way for a common European currency. The Ecu, or European Currency Unit, may soon stop being just an accounting device and become serious money used by everyone in the EC nations — then again, it may not.

The decision in Madrid to push on toward economic and monetary union looks like a milestone on the road to a United States of Europe. The EC leaders, except for Margaret Thatcher of Britain, evidently were responding to a remarkable surge of Euro-enthusiasm among the general public.

The prospect of taking on, and beating, Japanese and American companies in world markets is galvanizing European industry. Not wanting to be left behind, Austria and Norway hope to bring membership in the Community to 14 by the mid-1990s.

So the idea of a European currency seems more credible than ever. As Europe increasingly shares common domestic and foreign policies, the idea of soldiering on with a plethora of currencies makes less sense than ever.

Inside the EC, business longs to see an end to currency conversion problems and exchange-rate instability. Outside, Europe's trading partners increasingly plump for a single reserve currency backed by the Community.

The Madrid agreement to organize an intergovernmental conference on economic and monetary union and to bring all member-state currencies fully into the European Monetary System by mid-1990 shows that the Community now has the political will to pursue monetary union. But that does not mean a common currency is just around the corner.

Economic and monetary union may actually be heading for the rocks. For unless the 12 EC governments can work out some sort of Community-wide pact on various kinds of taxes, the second half of next year could see a rash of currency crises in Europe and perhaps even the collapse of the 10-year-old EMS.

The danger stems from last year's agreement to lift all capital controls in the Community by July 1, 1990. This step is vital if there is ever to be a single financial market in Europe. But it is also a bold one for countries like France and Italy, where private savings are often still held in cash and where capital flight is a persistent nightmare for the authorities. To prevent speculative capital flows, therefore, it was proposed that the freeing of all capital movements be done in parallel with an EC-wide withholding tax on earnings from investments.

But the withholding tax plan created such a furor it was shelved. Unless an alternative is found, mid-1990 could signal a sudden return to the exchange rate instability of pre-EMS days. The strains on the EMS are likely, too, to be increased if the European economies are then heading into a downturn. Corporate treasurers would be searching for the best possible terms for their funds, and Europe's currency markets would again become extremely volatile.

The antidote to currency fever is the convergence of the EC countries' economic policies. Interest rates would need to be kept closely in line, and with them inflation rates, money supply, public sector deficits and trade balances. So, to prevent the rather fragile EMS structure from being torn apart, the 12 governments may have to achieve a degree of economic coherence that amounts to economic union. A common currency would be the natural outcome.

But given the differences of political colorations between the 12, it is hard to see them adopting common economic policies. An EMS crisis next year, nonetheless, could force the EC to transform Madrid's political idealism into reality.

International Herald Tribune.

With Goodwill, the UN Plan Can Save Lives

THE plan endorsed at the recent Geneva conference on Indochinese refugees has been unfairly criticized. It represents the first formal agreement by all governments involved that all Indochinese asylum-seekers will be granted temporary refuge or asylum.

It was badly needed. Although more than 1.5 million Indochinese have been given temporary asylum in the region since 1975, more than 100,000 are reported to have been expelled or refused permission to land within the same period. Thousands may have lost their lives.

During 1988, arrivals by boat more than doubled from the 1986 figure. Governments in the region made it clear that they were unwilling to live with this increase, especially as resettlement offers were declining. The plan just adopted is an alternative to harsher bilateral measures. It reaffirms the right to temporary refuge. If respected, lives will be saved.

In addition, governments have agreed to expand the Orderly Departure Program from Vietnam and to provide guaranteed resettlement for refugees in camps in the region. There is no doubt that the resettlement countries and Vietnam are sincere about these commitments.

The process of "screening" is key to the plan's success. All asylum-seekers arriving in the region will have their status determined by a qualified body. The United Nations High Commissioner for Refugees will act as an observer and adviser.

The most misunderstood provision of the plan may be the possible repatriation of those found not to be refugees. The plan provides that such persons "should return to their country of origin" and that every effort should be made to encourage this on a voluntary basis. If this fails, alternatives "recognized as being acceptable under international practices" are to be examined.

Illegal immigrants are returned home regularly from Western and other countries without any international outcry. To suggest that to do so is a violation of basic refugee rights is clearly a distortion.

The plan is fragile and complex, but with continuing goodwill by all parties, it has a real chance to succeed. If it saves any lives, it must have been worth the effort.

— Dennis McNamara, deputy director of the Division of Refugee Law and Doctrine of the UN High Commissioner for Refugees, contributed this to the International Herald Tribune. The views are his own and do not necessarily reflect those of the UNHCR office.

Destruction of the Aral: Blame Kremlin Colonialism

By Rusi Nasar

ONE consequence of the policy of glasnost in the Soviet Union is that Central Asian writers have begun to explore the causes of one of the world's great environmental tragedies: the destruction of the Aral Sea.

The epic proportions of the Aral problem were summed up by the former president of the Uzbek Academy of Sciences, Polat Habibullaev, who wrote: "Until now, human history has not witnessed in the span of a single generation the disappearance from the Earth's surface of a sea which once had an area of 6 million hectares [14.8 million acres] and its transformation into a barren land upon which no vegetation or form of life can be sustained."

The Aral is referred to as a "sea" only because of its size. Actually, it is a lake, once 265 miles (430 kilometers) long and the fourth-largest lake in the world. But it is shrinking. According to R. Berdibaev, a Kazakh professor of philology, the Aral's water level fell 6 feet from 1957 to 1984. Others have written that by 1987, the waters of the Aral had fallen a total of 8.4 feet.

Each 1-foot drop in the water level shrinks the sea by about 8 percent, specialists say. Some estimate that the Aral's area has diminished by half.

As the Aral Sea gets smaller, it is getting saltier. Since 1960, the salinity of the sea has been increasing, from about 10 percent to about 23 percent today. Incredibly, in some areas, the Aral Sea is now 44 percent salt. As it recedes, it leaves behind a desiccated land — a desert of salt and sand.

The principal explanation for the shrinkage: The rivers that once fed the sea — the Amu Darya and Syr Darya — no longer do so. The Syr Darya has not reached the Aral in 18 years, and the waters of the Amu Darya, partly diverted into the Karakum canal, rarely seep into the Aral. If this persists, it is expected that the Aral will dry up by the year 2010.

The Aral remained relatively stable until 1960, when the authorities began drawing water from the Amu Darya, the Syr Darya and other rivers to irrigate some 3 million hectares of new farm lands.

It was only by building a vast network of reservoirs and canals, some on the banks of the Amu Darya and Syr Darya, that production of cotton, by far the principal crop being irrigated, could expand at a rate satisfactory to the demands of the central government. Marshland, pastures, forests and even fruit orchards were eliminated to make room for cotton.

During the Soviet period, state investment in, and demand for, cotton has perhaps been the most elementary force guiding Moscow's treatment of Central Asia.

The inordinate demand for cotton led to the enactment of various absurd and painful initiatives. The steps taken to meet Moscow's cotton quotas were recalled by the Uzbek writer Ramz Babajan: "I still remember those days when we tore out the seams of our quilted blankets and gathered up the cotton inside. Armload upon armload, we piled the cotton high. At that time newspapers admonished us with slogans about our patriotic duty to help fulfill the plan ... Was all this necessary? For whom and for what was the cotton needed? It was just such 'initiatives' that broke peoples' hearts, brought turmoil to the home, and left people agitated and indignant."

The writer Otkir Hashimov criticizes the cotton mania: "Until the cotton is planted right up to the patio outside your window, what must be done? If we continue to drill too many wells and leave our pastures parched, where are we going to get milk, meat and butter?"

The end result was the shrinkage of the Aral. This has affected the region's climate and ecological balance. As A. Alzhanov, a Kazakh environmentalist, wrote: "Winter has begun to come early and last a long time. Summer now turns out to be rainless, dry and hot. Winter is snowless, severe and cold."

Central Asia's problem is fundamentally a colonial one. The culprit is a system of unlimited demands from a distant metropolis — a system that organizes and directs local economic development according to a national agenda, regardless of local limitations.

Unless this colonial relationship is broken, I cannot see how the core problems, including the Aral's desiccation, can be solved.

The danger for Moscow is that these "local" ecological issues will inspire nationalism and unrest in the Moslem republics of Central Asia. For these issues play on the underlying sense of indignation, of "us versus them," that animates the ethnic politics of the Soviet Union.

The writer, a native Uzbek, is head of Central Asian Affairs Consultants in Virginia; this article was adapted by The Washington Post from Central Asia Survey.

Sun, Surf — and Polyaromatic Hydrocarbons

SUMMER is here, and as temperatures rise, crowds in the New York City area will again seek relief. Will beachgoers find the same pollution that kept them out of the water in the summers of 1987 and 1988?

They will, if recent beach closings are any indication. Little has been done to stem the problems that prompted these closings: high bacteria counts, which indicate fecal contamination, and floatable waste materials.

Efforts to clean up the beaches by putting "hairnets" over garbage barges to prevent flying trash, operating catamarans to skim the water and collect debris, and using mechanical rakes to comb up beach litter will provide only cosmetic relief. The main source of pollution is sewer overflow. Sewer systems in the area carry raw sewage and rain runoff through the same pipes, which empty into the rivers and bays of the region.

On dry days, most of the raw sewage undergoes treatment. But when it rains, the combination of runoff from streets and raw sanitary waste exceeds the plants' capacities. The untreated overflow goes directly into the rivers and bays that empty into the shallow portion of the Atlantic known as the New York Bight.

In summer, southerly winds become common and the pattern of surface currents in the bight changes. Slicks of plastic trash and undigested sewage wash ashore.

These waters carry a heavy load of nutrients (nitrogen and phosphorus) from sanitary waste, as well as metals and chemicals from industrial waste — up to 40 times more nitrogen than the average U.S. estuary. In the summer, this promotes huge blooms of phytoplankton, which quickly die and decompose, consuming dissolved oxygen in the water.

In summer, you can see the results of overenrichment. Great swaths of sea lettuce (a green sheet-like plant) wash up in the shallows, a telltale sign of sewage-fed water.

As the waste degrades, part of it drops to the bottom, where it chokes out life by using up available oxygen. Decay without oxygen produces hydrogen sulfide, which has the odor of rotten eggs and is as poisonous as hydrogen cyanide. Few creatures can tolerate it.

These sludge bottoms are also crammed with toxic heavy metals, polyaromatic hydrocarbons, chlorinated compounds and a host of other materials that are difficult to dispose of when the channels are dredged.

Even in areas that are sludge-free, dissolved poisons have reduced the animal life to little more than one or two species of bristleworms.

How will things be at the beach this summer? Don't ask.

— David D. Bulloch, author of "The Wasted Ocean," writing in The New York Times.

The Answer: Hoist the Flag Higher

By Anthony Lewis

"If there be any among us who would wish to dissolve this Union or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it."

— Thomas Jefferson, in his first Inaugural Address.

WASHINGTON — Tuesday morning, radio and television reported that President Bush would hold a press conference to talk about an urgent issue. One waited to see what had moved the president. Would he express outrage at the totalitarian brutalities in China? Would he call for action on the crises of homelessness and disease afflicting American cities?

"Flag-burning is wrong," the president said as he opened the press conference. The most urgent issue facing the country, he evidently felt, was the Supreme Court decision reversing the conviction of a political protester who burned the American flag.

There will naturally be conflict about the flag case. The court itself divided 5 to 4, and the opinions on both sides recognized the emotional significance of the flag to Americans.

But one thing seems tolerably clear. No urgent menace arises from the decision. It does not threaten any immediate national interests, at home or abroad. It does not threaten American patriotism. Important principles are involved, but the particular facts of the case were unusual and are hardly likely to arise on a threatening scale.

At the time of the Republican Convention in Dallas in 1984, Gregory Lee Johnson burned a flag as part of a street demonstration against government policy. He was one of the far-out characters who turn up around political conventions and make their often nasty speeches to audiences of few or none.

Because the flag-burning was part of a political denunciation, the court found that it was "speech" protected by the First Amendment to the Constitution. Many kinds of expressive conduct, such as marching, have been held to come under the amendment's guarantee of free expression.

"Nobody can suppose," Justice William Brennan wrote in the opinion of the court, "that this one gesture of an unknown man will change our nation's attitude towards its flag."

Can President Bush believe otherwise? Does he really think American patriotism is so frail that it will be shattered by this decision?

Politics could have something to do with the president's stance. His campaign manager last year, James Baker, showed how effectively one could smear an opponent with irrelevant jingoism about the Pledge of Allegiance to the flag. Attacking the flag case also pleases Mr. Bush's troubled supporters on the right.

Congressional reaction to the flag case reeks of politics. There has been a gadarene rush to denounce the decision. Democrats, remembering 1988, do not want to be outdone in calling for correction by legislation or constitutional amendment.

A conservative Republican, Senator Gordon Humphrey of New Hampshire, has been one of the few to say out loud what many must be thinking privately. The fuss over the flag case, he said, was "an exercise in silliness ... a bit of hypocrisy." He is retiring from the Senate next year.

In calling for a constitutional amendment, Mr. Bush no doubt was reflecting real personal upset at the decision. If so, I wonder whether he read through the court's opinion.

"The flag's deservedly cherished place in our community," the majority said, may be "strengthened, not weakened, by our holding today. Our decision is a reaffirmation of the principles of freedom and inclusiveness that the flag best reflects, and of the conviction that our toleration of criticism such as Johnson's is a sign and source of our own strength."

Justices Brennan, Marshall and Blackmun were joined in the majority by two Reagan appointees, Justices Scalia and Kennedy. In truth, the idea of free speech is neither "liberal" nor "conservative." It is, rather, American. It is a profoundly important part of what the world sees as the distinctively American vision of a free and self-confident society.

A Chinese diplomat was talking with an old American friend the other day about the terrible events in China. What influence, the American asked, could President Bush have on the situation? The diplomat replied: "It's not President Bush who has influence; it's President Jefferson."

The New York Times.

100, 75 AND 50 YEARS AGO

1889: Ex-Slave Is Envoy

NEW YORK — Mr. Frederick Douglas, the newly appointed United States Minister to Hayti, will present his credentials to whatever Government is in power when he arrives in that country. Mr. Douglas, a former slave, has filled many important posts.

1914: Unrest in Sarajevo

VIENNA — That the assassination of Archduke Francis Ferdinand, and the Duchess of Hohenberg was the result of a widespread plot, the extent of which the actual actors were perhaps unaware of, now appears to be beyond doubt. The bodies of the Archduke and Duchess were embalmed during the night and taken by special train to-day [June 29] to Metkovich, Dalmatia, on their way to Vienna, where they will be buried in the mausoleum on the Archduke's estate at Artstetten. Serious anti-Serb disturbances have taken place at Sarajevo and Agram, with several thousand demonstrators shouting "Death to the Serb assassins!" This morning a youth threw a bomb at the corner of a street, wounding a Mussulman. Martial law has been proclaimed in Sarajevo. Prinzip, the student who assassinated the Archduke and his consort, has declared that his motive was to avenge the oppression of the Serb nation. Gabrinovic, the author of the first attempt on the Archduke's life, has confessed that he brought back bombs from Belgrade to throw at the Archduke. The police at Sarajevo are being severely criticized for not having taken sufficient precautions. The special police commissary who had charge of the protection of the archduke committed suicide an hour after the assassination by blowing his brains out.

1939: Gypsies to Dachau

VIENNA — Four hundred gypsies were netted in a series of police raids today [June 29]. They were taken to the prison at Rossauleande, but most were later sent to the German concentration camp at Dachau.

OPINION

It's Time for Child Care, But Remember the Parents

By William Safire

WASHINGTON — About half of American children too young to go to school are cared for by their own mothers at home; those kids in the other half are cared for by a relative, a baby sitter, a child care center, or by nobody.

The question breaking the heads of lawmakers is: How do we help the parents who need help with "day care" without penalizing the parents who choose to do it themselves?

How do we help the mother who goes outside the home to work without discriminating against the mother who works by keeping house?

When this issue first appeared on the political scene, the Democratic liberal choice was clear: help the working mother by funding child care centers,

Some of the needy will blow the money on booze, pot or cable TV; the kids will still be uncared-for.

and make certain the child is properly cared for by mandating federal standards for employees of those centers.

In essence, it would be a national free public preschool.

The trouble with this choice was that it helped one half of the mothers at the expense of the other half — in Phyllis Schlafly's terms, "blatant discrimination against the mother who takes care of her own children."

Moreover, it undermined religious preschool diversity, derogated care by grandparents and smacked of Great Society paternalism threatening regimentation and a huge new entitlement.

But it did show an understanding of a genuine new need.

In the campaign of 1988, to prevent the opposition from making this their sleeper issue, the Bush campaign came up with an approach to child care for the poor based on tax credits.

In essence, it was like a baby bonus, annually returning money to poor parents to be spent any way they saw fit.

The trouble with that Republican free-choice approach — which has so much going for it — is that some of the truly needy will blow the money on booze, pot or cable TV, and the kids who need care most will still be uncared-for.

It would not give a boost to the nascent child care industry because it is more welfare than specific child care.

Needed was a synthesis, a way to help the kids with the least unfairness to at-home mothers (never say nonworking mothers, they'll kill you) — and a way to prevent federal tot-brainwashing by a costly bureaucracy and legions of leeching consultants.

This is when Senator Orrin Hatch of Utah, darling of the New Right on school prayer and abortion, went over to the other side.

Working with Senator Christopher Dodd, the Connecticut Democrat, he removed some of the most statist items in the liberals' bill and tacked on a version of the Republican tax credit.

The issuance of child care vouchers to parents would be a good step toward vouchers in schools, a form of free choice dreaded by liberals.

Republicans under Bob Dole responded with a more generous version of their own approach, including block grants to states, but with Orrin Hatch defecting, lost; the Dodd-Hatch Act for Better Child Care then passed the Senate, and a more liberal version of the ABC bill will pass in the House.

The president will now get a bill that Michael Dukakis, had he been elected, would have promptly signed.

Mr. Bush, when asked the other day in his never-ending press conference if this bill was "a candidate for a veto," replied, "My position on child care: maximum choice through credits. And the ABC bill does not fit what I think is the proper description for child care."

He is right; the bill on its way is a compromise, the best Mr. Hatch could arrange, but it tilts to the left. Standards are required to be set by states, better than by Washington, but under the stern eye of a new National Advisory Committee on Child Care; most of the money, and power, will go directly to the centers, not through parents.

The president should make creative and positive use of his veto. In his veto message, in lieu of the usual "What — me sign this?" posturing, he should specify what reasonable changes would be needed for his signature.

This would occasion much Democratic grousing about "intervening in the legislative process," but so what?

The president knows he cannot get his own way, but he has the votes in the Senate to stop the liberals from getting their way. Result: not an impasse, but a slightly right-of-center implementation of a liberal idea.

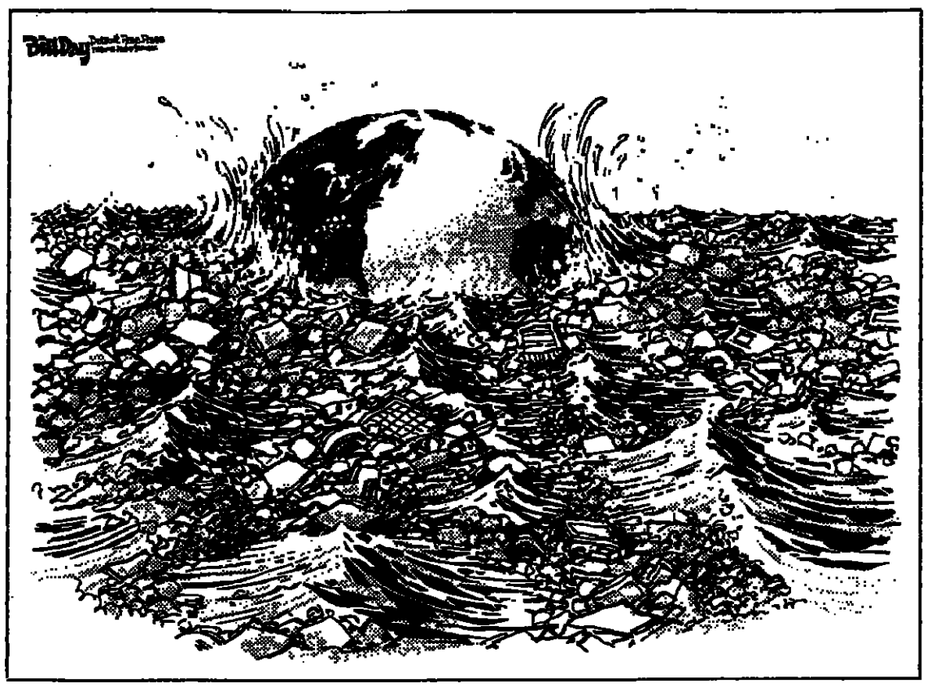
The at-home mother will not fare as well as the mother working outside, but her outside sister is hurting more.

The time is ripe for child care. Democrats in Congress cannot say "take it or leave it" to Republicans because the will exists for an agreement.

The Bush administration should fight for what it sees as the best deal for the most families managed closest to home.

The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



LETTERS TO THE EDITOR

Profits of Privatization

Regarding "A Second Round of Privatizations" (Personal Investing, May 8) by Jacques Neher:

Your article suggests that a portfolio of privatized British issues would have rewarded investors with a 52 percent appreciation as of mid-April compared with 57 percent for French issues. In the accompanying table, "An Investor's Scoreboard," you quoted British Airways and Rolls-Royce share prices as having increased by 50 percent and 6 percent, respectively, since going public, and British Steel and Cable & Wireless as having fallen by 34 percent and 16 percent.

As of April 30, all these share prices had increased substantially: British Airways by 57 percent, Rolls-Royce 13 percent, British Steel 42 percent and Cable & Wireless no less than 795 percent. Other British privatization shares also have fared extremely well, like British Aerospace at 388 percent and Associated British Ports at 803 percent. Indeed, the success of British issues has helped lead the way for privatizations worldwide.

LANCE ANISFELD.
London.

Jacques Neher replies: Mr. Anisfeld is correct in saying that British Steel has been a good investment. Calculations on that stock for the investor's scoreboard chart were mistakenly based on the full issue price of 125 pence at the time the company was privatized, while investors were required to pay only 60 pence then. When the remainder is paid, this September, the current stock price is expected to rise accordingly. But other calculations for the chart correctly show percentage changes in the value of the privatization stocks for investors who bought into the companies during the most recent stock offerings. Mr. Anisfeld's calculations are correct if one assumes that the investments were made at the time of the original offerings, which for some date back 10 years.

Remembering Confucius

Confucius never advocated freedom and democracy. He exhorted rulers to be virtuous and the people to obey them. He recognized that virtuous rulers were the exception and he spent his life searching for one.

Deng Xiaoping deserves great credit for seeking to dismantle the Communist economic system and replacing it with localized capitalism. This process is causing great disruption. To add freedom and democracy to the mix would be intolerable. In its present condition, China needs above all a strong and stable central government.

It is the tragedy of the Chinese students that they thought they could bring overnight to China the concepts of freedom and democracy that took the West centuries to develop.

It is terribly sad, but the Chinese are merely being Chinese, and the West will have to live with it.

DAN E. MAYERS.
Wadhurst, England.

Western leaders should be guided more by a sense of integrity with respect to their own values than by any hope of strongarming the Communist Chinese leaders. If human rights really are paramount, then major economic advantages should be withdrawn from China.

DANIEL LAPRES.
Paris.

Gorbachev: Look Again

To those who persist in believing that Mikhail Gorbachev is the messiah of global peace and tranquillity, I beg you to think again. He is nothing but the highly trained product of a system devised decades ago to topple the world into the Marxist fold.

GIL WERNER.
Arcadia, South Africa.

Cut Nuclear Arms Now

NATO leaders are narrowly guided by the premise that the greatest threat to Western security is a potential Soviet military thrust. It is irrational for the West to be so distracted by this unlikely possibility. Another threat merits a higher priority: the principle, nurtured by the two superpowers, that the mass annihilation of civilians is a potentially necessary strategy for waging war.

Unless the United States and the Soviet Union set a rapid pace in nuclear weapons control, other nations will follow their strategic examples as technology proliferates. If Mikhail Gorbachev gets run over by a bus or the Soviet generals perceive the conventional arms, quality versus-quantity issue as favoring the West, the opportunity for nuclear arms control will slip away.

GEORGE BLANCK.
Paris.

In This Kingdom of Slobs, The Crud Keeps Mounting

By Jonathan Yardley

WASHINGTON — To the accompaniment of the usual public-relations ruffles and flourishes, Procter & Gamble announced last week that it would underwrite various efforts to recycle plastic and pulp from the $1.65 billion worth of disposable diapers the company sells each year.

"We believe as a company it is our responsibility to insure that our products are good not only for the baby, but that they are good for the environment and can be easily recycled, decomposed and incinerated," P&G said. If you believe that, you would belive anything.

MEANWHILE

As Procter & Gamble rolls out its fat share of the 16 billion disposable diapers a year, it's about as concerned with what's "good for the environment" as it is with the gross national product of Fiji. What worries P&G is the nasty PR its diapers are getting — last week's announcement came hard on the heels of a devastating television account of the disposal problems they create — as well as the growing movement to attack those problems with legislative action.

It is better that an industrial giant such as P&G do something rather than nothing about an environmental problem for which it is largely responsible, but it is an evasion of responsibility to treat disposable diapers as a recycling issue.

The throwaway diaper is one of the more blatantly preposterous consequences of the self-indulgence in which the American consumer has wallowed in the postwar era. Until it is treated as such, the problem can only grow worse.

As recently as two decades ago, virtually everyone used cloth diapers. Either you bought and washed your own, or you rented them from a service. When, at about that time, disposable diapers first became widely available, they were promoted and used largely as an alternative convenience — for families on summer vacation, for example — but not as a permanent replacement.

That came a few years later, as the disposable diaper improved — the early models were about as soft as sandpaper — and as manufacturers began to realize that a vast new market was opening up, founded on the incontrovertible principle that it is easier to dispose than to re-use.

Why should people launder cloth diapers when they could throw plastic ones away? Why return glass soda bottles to the grocery when they could toss plastic ones in the trash, or on the highway? Why wash glass milk bottles when they could chuck cardboard ones in the garbage?

It all happened so quietly and quickly that no one noticed until it had become a fait accompli. The diaper service almost disappeared — it now gets only 15 percent of the diaper business — and with it the milkman and the soda-bottle washer.

With it, too, went a time-honored if largely unspoken part of the social compact: the shared assumption that resources were to be used to their fullest, not to be disposed of until they had been exhausted. With it, if you like, went the assumption that thrift was a virtue both individual and civic, that saving was desirable and that squandering was not.

Now the prevailing assumption is precisely the opposite. Though the landfills rise in silent testimony to the contrary, we believe that waste is good; we have become a society in which nobody laughs when a spokesman for Procter & Gamble asserts, evidently with a straight face, that disposable diapers are "good for the environment."

Disposability is, if anything, threatening to become the national standard, as much to be rallied around as the flag in which politicians are now so noisily wrapping themselves. We throw away razors as though they were paper handkerchiefs, and now we are being urged to use disposable contact lenses: Why bother with preserving them when you can toss them?

When throwaway cameras arrived last year, Consumer Reports — that self-appointed guardian of the middle-class marketplace — said they "made good prints" and would be convenient for "a day at the beach or a boat trip," but had nothing to say about whether a throwaway camera is, in and of itself, a desirable thing.

Probably it is, at least in a society that seems determined to make everything as easy for itself as it possibly can. There can be no doubt that we believe ourselves to be deserving of any shortcut we can manufacture for ourselves, any convenience. However wasteful it may be is utterly irrelevant.

That is why, in the flurry of interest stirred by the television documentary's depiction of diaper waste and the subsequent Procter & Gamble announcement, there was scarcely a word about the most obvious way to reduce the diaper crunch in the landfills.

The way to make disposable diapers "good for the environment" is to ban them. Return to re-usable cloth diapers. But that would put too much of a strain on us. It would actually make us work a bit. The message we send by buying any disposable convenience items is that we don't want to work. The other message is: to hell with the consequences not merely for the environment but for what might be called, at the risk of terminal self-righteousness, our national character.

Perhaps it is old-fashioned or stuffy to believe that there is no free lunch, that our resources are finite, that we have an obligation to leave a few of those resources around.

If it is stuffy to believe that waste on the scale at which Americans now practice it is unconscionable, mark me down as old-fashioned and stuffy. There are, in a land where the slob is king, worse things to be than that.

The Washington Post.

GENERAL NEWS

Pretoria Is Testing Cantonal Concept

By William Claiborne
Washington Post Service

PRETORIA — South Africa's governing National Party envisions giving the black majority a role in government by negotiating an intricate federal system of voting blocs based on ethnic origin and geography.

Under the system, which was alluded to in a plan adopted Thursday but not set out as a formal proposal, such blocs would govern matters at the local level and deal with affairs of state on the basis of consensus.

The party leader, Frederik W. de Klerk, who is assured of becoming president after the Sept. 6 parliamentary elections, has said that decisions in a new multiracial national legislature could not be reached by consensus, an apolitical "fair arbiter," such as a constitutional court, would make final rulings.

The unique political system envisioned by the party's policymakers is fashioned loosely after the Swiss canton system, with important deviations that would break new ground in the creation of democratic political models, party strategists said Thursday.

The system, which is designed to share power with blacks without submitting the white minority to the kind of political domination that would be inevitable under a one-man, one-vote democratic system, was suggested ambiguously in the five-year plan for change adopted by the National Party's top policy-making body, the Federal Congress, in a meeting here.

However, more specific details of the concept were disclosed for the first time in an interview with Stoffel van der Merwe, South Africa's minister for information and one of the government's principal architects of change.

Mr. van der Merwe stressed that neither the party nor the government was prescribing a starting point for power-sharing negotiations with black leaders — when and if they occur — but he said the political system he outlined represents current thinking in the government, even if many details are still to be negotiated.

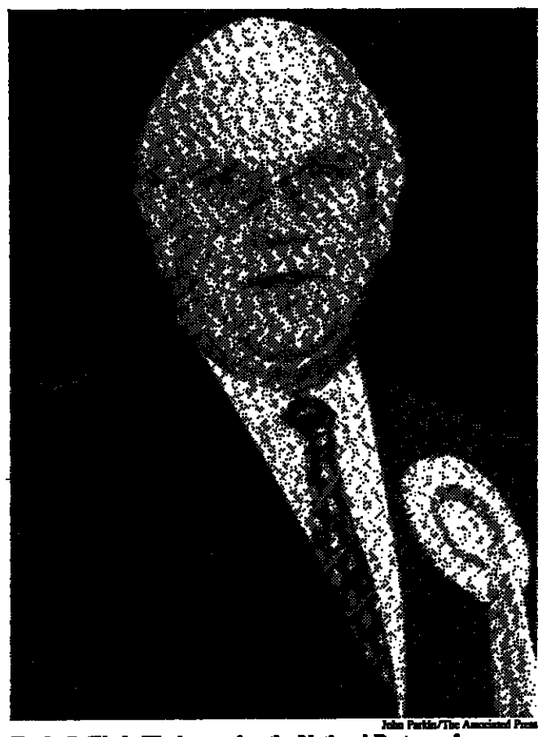
The government has been unable to get any credible black leaders to agree to negotiate, and the African National Congress, the dominant black nationalist organization, has said it will consider nothing less than a unitary system of one man, one vote.

The underlying principle of the concept outlined by Mr. van der Merwe would vastly reduce the powers of the central government and entrust decision-making to voting blocs based on geographical cantons and on the ethnic and cultural communities that comprise South Africa's diverse society.

Mr. van der Merwe said that some sort of multiracial national legislature could be formed out of about 24 voting blocs representing the existing racially defined groups — blacks, whites, mixed-race people and Indians.

In addition, there would be 10 blocs representing the major black tribes from the geographical areas where they are predominant; one open group representing people who do not want to be categorized by ethnic origin, and nine geographical areas defined by the boundaries of existing state development regions.

Because a multiracial national legislature would make decisions on based on consensus, existing minority groups such as the 4.5 million whites would, in effect, have the same power as the black representative groups, Mr. van der Merwe said.



John Parkin/The Associated Press

Frederik W. de Klerk, opening the National Party conference.

Britain Will 'Strongly' Urge China To Keep Its Army Out of Hong Kong

The Associated Press

LONDON — Britain will argue "very strongly" in future talks with China that Beijing should keep its army out of central Hong Kong after the colony reverts to Chinese sovereignty in 1997, a senior British official said Thursday.

The official, who requested anonymity, said London would seek changes in the territory's future constitution to guarantee that no Chinese troops are deployed there.

Because Chinese soldiers killed hundreds, perhaps thousands, of pro-democracy protesters in Tiananmen Square in Beijing on June 4, the reaction to Chinese troops in the heart of Hong Kong "would be very strong and very adverse," the official said.

The official briefed reporters as the foreign secretary, Sir Geoffrey Howe, prepared for a trip to Hong Kong on Saturday to reaffirm Britain's commitment to the colony at a time of heightened anxiety among its 5.7 million people.

"We shall be arguing very strongly that it would be very misguided of China to put their troops in the center of Hong Kong," the official said.

Under the 1984 Joint Declaration, the British accord with China that guarantees at least 50 years of autonomy for Hong Kong under Chinese rule, the authorities in Hong Kong are responsible for public order.

Britain has no intention of abrogating up or trying to change the Joint Declaration, the official added. But it wants to change a few things in the Basic Law, the document under which China will govern Hong Kong as a "special administrative region" after the British withdraw, he said.

■ 4 Dissidents Escape

Several leaders of the pro-democracy movement in Beijing who have been on the Chinese government's most wanted list have apparently escaped to Hong Kong, raising further concern in the colony about its future relations with China, The New York Times reported from Hong Kong.

Diplomats said they could not confirm reports that four prominent Chinese students and intellectuals along with several friends had been smuggled out of China to Hong Kong over the last week. But they said they believed the accounts were correct, and two Hong Kong student leaders who helped raise money for the demonstrators said the escapes took place.

One of the dissidents, Wuer Kaixi, the 21-year-old leader of the now-banned Independent Students Union in Beijing, appeared on Hong Kong television in a taped interview Wednesday night.

Among the others who are said to have been brought out by an underground network are Chai Ling, a Beijing University student who ran the demonstrators' headquarters in Tiananmen Square; Yan Jiaqi, 47, a close adviser to the recently purged Communist Party leader, Zhao Ziyang; and Wan Runnan, who founded China's first private computer company, the Stone Corp., and provided financial aid to the demonstrators.

In Lagos, Punishment Without a Crime

By Kenneth B. Noble
New York Times Service

LAGOS — A 26-year-old man with no criminal record is picked up by the police while driving near his home. He is not allowed to contact anyone, even his wife, whom he married the day before. He spends the next eight years in jail, without trial.

That was the experience of Joseph Odogu, who was accused of armed robbery in the summer of 1980. Inexplicably, month after month, his trial date was postponed. And because he was arrested under a special decree enacted by Nigeria's military government, he could not be freed on bail.

"It was a horrid, horrendous, dehumanizing situation," said Olisa Agbakoba, Mr. Odogu's lawyer and chairman of the Civil Liberties Organization in Lagos. "And while he wasted in jail, his car was stolen, his shop was ransacked, his landlord chucked him out, his mother died and his wife deserted him."

What Mr. Agbakoba soon discovered after taking on Mr. Odogu's case last year was that his client had fallen through the cracks of Nigeria's often harsh and byzantine legal system. Prosecutors, in fact, decided within months of Mr. Odogu's arrest that he was the wrong man. But no one bothered to tell him, his jailers or the courts.

He was released last fall and awarded $266 as compensation for his wrongful detention.

Mr. Odogu's case may seem especially cruel, but Mr. Agbakoba says it is only one of hundreds of such accounts of desperation in various police cells and detention centers across Nigeria.

Since it was formed two years ago, the Civil Liberties Organization has documented a continuous stream of cases illustrating shortcomings in Nigeria's judicial and law enforcement systems.

Increasingly, however, the group has uncovered alarming evidence of widespread human rights violations. In the first six months of 1988, for example, the group disclosed that 54 detainees in a single federal prison died while awaiting trial; the government does not dispute the allegation.

In another instance, the group recently brought a class-action lawsuit challenging the incarceration of 70 prisoners who had been detained without trial for periods of 3 to 10 years. So far, 20 have been released.

"We've been very impressed with their work, especially because they've done most of it on their own, sacrificing their own funds, and not getting any outside support," Almami I. Cyllah, Africa coordinator for Amnesty International in Washington, said in a telephone interview. "They're the first, as far as I know, to set up such an organization in Africa."

The group's crusade gathered force last December when local newspapers became transfixed by the story of Ita Oko Island, a prison colony secretly established a decade ago during the military regime of General Olusegun Obasanjo.

Accessible only by boat or helicopter, the island was, in the words of one newspaper, "a jailer's dream." There were no telephones, no way to obtain medical care and, of course, no lawyers. Once consigned there, inmates were completely at the mercy of their jailers.

When Mr. Agbakoba got the first whiff of the story, he rented a boat and got as close to the island as he could. "It was just horrendous," he said. "It was full of crocodiles, snakes, huge reptiles and, from what I was told, quicksand."

By enlisting the aid of friends in the press, the group exposed what had been a military secret.

"Ita Oko is the kind of place that even the most cynical Nigerian would never have associated with his country," one newspaper, The Guardian, said in an editorial. "That it could exist for so long, far removed from public consciousness and view, is damning evidence of the frightening shortcomings of our penal policy."

The government reacted almost immediately to the reports by removing all the prisoners and shutting down the colony.

In most regards, however, Mr. Agbakoba and other members of his group here walk the fine line between social work, which is grudgingly tolerated by the military government, and political advocacy, which is not.

In January, after the group released its second report on human rights here, Mr. Agbakoba and Clement Kwankwo, the group's secretary, were jailed for five days.

One recent afternoon in the quiet of his strikingly modern law chambers, Mr. Agbakoba elaborated on his views of Nigerian society. The 36-year old London-trained lawyer said he had no "ideological or political agenda."

"The fact is that Nigeria is a developing country, and that's where a lot of our problems come from," Mr. Agbakoba said. "That's the reason why traffic does not move, the reason why you don't have water, the reason why you don't have a regular power supply. You can't expect the police to be superefficient."

More worrisome, however, is the fact that soldiers have ruled this country for 19 of the last 23 years. "The problem is that it's the one who can shoot his way into power that becomes the head of government," Mr. Agbakoba said. "And not being schooled in the finer point of law, they always come in and say, 'We'll solve the problem with a hard stick.'"

ASIAN TOPICS

For Japan Executives, Work Can Be a Killer

Karoshi — death from overwork — or *pokkuri byo* — sudden death — have been growing at an alarming rate in Japan, The Associated Press reports. Victims die of heart attacks or strokes after months or years of extra-long working hours under heavy stress.

Dr. Kiyoyasu Arikawa, who advises businessmen on how to reduce their risk, found that sudden deaths among senior executives have skyrocketed in the past 20 years, from 10 in 1969 to about 150 in 1987. Recently, he says, the number of such deaths has grown fastest among those in their 40s and 50s, men who on average could expect to live to about 79.

But sudden death is not confined to stressed executives. Heart attacks and strokes are the second and third most common causes of death among the entire Japanese population, claiming 267,535 lives in 1987. Heart attacks killed 19.2 percent of the 751,172 people who died that year, while strokes killed 16.5 percent. Cancer killed 26.5 percent.

Competition and stress permeate the lives of the victims of overwork, Dr. Arikawa says. Tetsunojo Uehata of the National Institute of Public Health agrees that "there's a very clear link between work pressures and health problems."

"Japanese with their diet of fish and vegetables traditionally have good habits," says Dr. Uehata. Speaking of entertaining for business purposes, he added: "Because of their jobs, however, they are expected to go out drinking at night. They smoke, lose sleep, eat poorly and have no chance to go to the doctor."

Around Asia

India and Pakistan have taken another step toward the withdrawal of their armies from the disputed Siachen Glacier in the Himalayas and the creation of a demilitarized zone in the area where they have frequently clashed in the past five years, an official of the Indian Foreign Office has told The New York Times. A Pakistani military team will visit New Delhi next week to discuss an eventual joint pullout from Siachen, about 475 miles (770 kilometers) north of the Indian capital, the official said. No time has been set for the withdrawal.

President Suharto, after 24 years in power in Indonesia, does not appear to be grooming a crown prince. A succession debate was set off with the publication of Mr. Suharto's autobiography, in which he suggested that his current five-year term ending in 1993 would be his last because of his age. He would then be 71. However, he has not entirely ruled out another term.

The partial or total ban on the importation of ivory products by France, West Germany, Britain, the United States and Japan threatens to idle 5,000 workers in the ivory trade, according to a spokesman for the Hong Kong and Kowloon Ivory Manufacturers Association. He suggested a three-year grace period to give Hong Kong dealers time to dispose of their stocks, easing the present immediate stoppage.

Two Scandinavian newspapers have awarded a $10,000 Freedom Prize to Fang Lizhi, the Chinese dissident and scientist who has taken sanctuary in the U.S. Embassy in Beijing. The prize is awarded annually by the Stockholm paper Dagens Nyheter and by Politiken, of Copenhagen. A Dagens Nyheter spokesman cited Mr. Fang's "contribution to the democratic movement." In 1982 the prize was awarded for the first time, to Lech Walesa, leader of the then-outlawed Polish labor union Solidarity.

Arthur Higbee

Key Aide To Castro Dismissed

Interior Minister Out in Drug Case

By Joseph B. Treaster
New York Times Service

MIAMI — One of Cuba's most influential government officials was dismissed Thursday for failing to discover a high-level military drug trafficking operation that has become the country's worst scandal since Fidel Castro seized power 30 years ago.

The official, Interior Minister José Abrantes Fernández, who has held the rank of division general, had responsibility for all state security and intelligence matters and had been regarded as one of Mr. Castro's closest associates.

A statement broadcast Thursday by state-run news organizations in Havana and monitored in Florida, declared that General Abrantes had been removed "in view of the great deficiency in the direction of the Interior Ministry in relation to the conduct of a group of officials who during two and a half years carried out with impunity drug trafficking operations."

The general fought as a guerrilla in the Cuban revolution and had often acted as Mr. Castro's personal bodyguard.

He was replaced by General Abelardo Colomé Ibarra, a deputy minister of defense and a member of the Politburo. He is the third-ranking member of the armed forces after Mr. Castro, the commander in chief, and Mr. Castro's brother Raúl, the defense minister.

Two weeks after the first charges of drug trafficking were disclosed, experts on Cuba remain divided on whether the public display of outrage is a genuinely shocked reaction from Mr. Castro or an attempt to distance himself from an illicit business that he may have been quietly directing for years.

There has been some speculation that Mr. Castro brought smuggling and corruption charges against General Arnaldo T. Ochoa Sánchez, as well as six others, two of whom held posts in the Interior Ministry, to counter a conspiracy to depose him. But Cuba experts say this undoubtedly could have been accomplished without baring the issue of narcotics smuggling.

After hearing testimony over the weekend, a military tribunal of 47 officers recommended that General Ochoa be condemned by a court martial for "high treason" and that he receive the maximum sentence, death by a firing squad.

J. Scott Applewhite/The Associated Press

Norma McCorvey, left, the plaintiff in Roe vs. Wade, the 1973 U.S. decision legalizing abortion, waiting in Washington with her attorney, Gloria Allred, for the Supreme Court's ruling on Thursday.

ABORTION: *West Europeans Rethinking the Issue*

(Continued from page 1)

of Europe, for instance, frequently refuse to perform abortions because they have moral objections or feel it harms their prestige.

And while health departments in Denmark, Sweden and the Netherlands have enforced abortion legislation by providing facilities around the country, others — Austria, Spain, Italy — have done little.

In Catholic southern West Germany, women complain of doctors' delaying tactics and often go to the more lenient northern part of the country or to the Netherlands. Swiss women go from heavily Catholic cantons to Protestant regions, which are more liberal. Women from southern Italy frequently must travel as far as Rome, while Spanish women often go to Britain or Portugal.

Of the 184,000 abortions performed in Britain in 1988, official statistics show that 15,500 were for other Europeans. Dutch statistics for 1986 cite 18,000 abortions for residents and 18,000 for outsiders, 8,000 of them from West Germany.

Some groups dispute the contention that abortion rights can be tampered with in Western Europe.

In Britain, a bill to restrict abortions after the 18th week, instead of the 28th, has repeatedly been defeated. But Conservatives say that this year it may get the support of Prime Minister Margaret Thatcher.

Also, conservative members of parliament in West Germany have tried to block government funds for private pro-abortion family planning groups and have pressed for legislation demanding more counseling in favor of keeping a pregnancy.

Recent polls there have shown that public opinion has shifted away from the broad approval of abortion of the 1970s, although a majority said the decision should be solely up to the woman.

"Clearly, the question is no longer one with simple yes or no answers," said Heinrich Sudmann, a spokesman at the Health Ministry in Bonn.

In France, where the anti-abortion movement last year succeeded briefly in blocking RU 486, a pill that induces miscarriage, conservatives are directing their fire against such issues as in vitro fertilization and fetal tissue transplants.

However, the main political parties apparently want to avoid the divisive issue of opening up a debate on the 1975 abortion law.

In the five Scandinavian countries, among the first to permit abortion, the anti-abortion movement has formed a number of church-linked groups.

Experts say that the liberalization of West European laws has not increased the overall rate of abortion. But some supporters of abortion rights say the time has come to work for earlier abortion and for reducing the present abortion rate.

They called for more sex education and greater use of contraception.

AMAZON: *Harvest's Value*

(Continued from page 1)

and the local governments won't buy," he said. "The forests must be used in order to be saved."

President José Sarney of Brazil has outlined an ambitious plan for protecting the rain forest in that country. It calls for study to determine what parts of the Amazon basin are suitable for development, as well as for the establishment of several new parks and reserves. But critics of the plan have called it disappointingly sketchy and have said that it appears to be aimed more at calming international concern than at saving the rain forest.

When he announced the plan in April, Mr. Sarney also made it clear that the Brazilian government viewed the issue of the rain forest's future strictly as an internal one.

For the study reported in Nature, an inventory was taken of all the useful plants in a large patch of Peruvian rain forest, part of the vast Amazon ecosystem whose greatest extent is in Brazil. Then the survey team determined the value of those products in local markets. From this, it was calculated that one hectare (or about 2.5 acres) of forest was worth $6,820.

In Brazil, a tree plantation of the same size was valued at $3,184, or less than half that of the native forest. The value from cattle grazing was calculated to be even less: $2,960. These dollar amounts reflect the cumulative value of all future harvests for 50 years, but were calculated as a current value, much as a financial manager would determine the value of long-term bond.

A botanical inventory of the rain forest plot in Peru revealed 275 species. Of the the trees on the site, 72 species produced products with a market value in the nearby town of Iquitos in Peru.

Mr. Peters said that the forest was continuously being foraged by local people who lived and farmed along the banks of the Rio Nanay, a tributary of the Amazon, and brought their products downriver to the market in Iquitos.

Based on plant inventories and the market price, and subtracting the costs of collecting the products and getting them to town, the jungle plot produced about $400 worth of fruit and $22 worth of rubber each year. If some of the 60 commercial hardwood trees found on the site were also selectively cut and sold, another $310 could be generated every 20 years.

Though about $1,000 could be made in a single year by cutting down all the trees, Mr. Peters noted that this would be a one-time return that would destroy the forest.

Mr. Peters and others warn that to succeed, "extractive reserves" must be intelligently managed.

VERSAILLES: *The Bicentennial in Royalist Town*

(Continued from page 1)

ings at home and war waged by their foreign enemies.

Quoting Victor Hugo, the president said the French Revolution contained "more promised land than terrain conquered" and, arguing that the struggle for freedom and social justice continued today, concluded by evoking a lone Chinese standing before the tanks in Tiananmen Square in Beijing.

Jean-François Chiappe, a resident historian, said it was "completely ridiculous" for the Socialist president to have used Versailles as the podium for his keynote speech.

"François Mitterrand is a good orator, but his place is not at Versailles," Mr. Chiappe said. "Yet he did it on purpose, to show that he is France's nonhereditary sovereign."

Mr. Mitterrand's monarchical manner tends to confuse the slightly leftish ideological spin he has put on the Revolution. A politician who started out on the center-right before moving to Socialism, the president manages to satisfy a national yearning for the kind of pomp associated with Louis XVI.

"The French have always had a nostalgia for royal splendor, which Mitterrand and other Fifth Republic presidents have satisfied," said Arthur Conte, a journalist and writer who organized the May 4 parade in Versailles. "Mitterrand walks, happy, on a pink cloud; he has completely entered into the habits of royalty."

With a Socialist president wrapped in the glories of the royal past, at least where style is concerned, the French may perhaps be pardoned for not being terribly excited about their revolutionary heritage. Unlike America's 200th birthday party in 1976, the bicentennial here has not bubbled over with patriotic emotion.

"There is an absence of historical passion," conceded André Pigne, a 60-year-old Socialist member of the City Council here. "The young people will go to the fireworks and to the dancing, but they do not make the connection between the revolutionary past and the present."

Versailles, in the meantime, continues to thrive from a quickening interest in the pre-revolutionary past. Visits to the palace are expected to jump by almost 30 percent this year.

The city has had a bumpy history since 1789. The abolition of the monarchy reduced it to something of a ghost town, and it was only in 1837, when the train reached Versailles from Paris, that it began to revive; the rising of the Paris Commune forced the Republican authorities to withdraw to Versailles in 1871, where the government remained for eight years, passing legislation that still remains in force.

Mr. Conte recalled that at the height of the Revolution a proposal was adopted to raze Versailles just as the hated Bastille had been leveled after its seizure in 1789.

"It was just as well that didn't happen," he observed drily. "Imagine how many tourists would be going to the Bastille today if we had kept it."

POLAND: *Jaruzelski Challenged*

(Continued from page 1)

and Soviet party chiefs their opposition to Poland's transition from a one-party Communist state to a form of parliamentarianism.

In private conversations, two senior Solidarity leaders conceded that the coming parliamentary ballot was causing a deep dilemma for Solidarity.

Solidarity has come so far from its former implacable antagonism to the Soviet Union that its leaders now have frequent, although discreet, contacts with top officials of the Soviet Embassy in Warsaw, and a visit to Moscow in the not-too-distant future by Mr. Walesa is a subject of serious discussion between them, according to Solidarity leaders and diplomats.

The initiative for those contacts, according to Western diplomats, came from the Soviet Union.

A senior Solidarity leader said that Solidarity would welcome the opportunity to assure Mr. Gorbachev that Poland would respect its international engagements even under a non-Communist government.

■ Bush Weighs Extra Aid

David Hoffman of the Washington Post reported:

President George Bush may expand his package of economic incentives for Poland, and he hopes to use the Paris economic summit meeting in July to achieve a "concerted Western approach" to Poland's economic difficulties, according to administration officials.

"There has never been a greater need for Western coordination" to aid Poland, said a high official, especially because recent elections catapulted the Solidarity trade union into a position of power.

There have been almost daily contacts between Western countries about how best to aid Poland, the official said. These will culminate when Mr. Bush meets allied leaders in Paris in mid-July after visits to Poland and Hungary.

Several officials familiar with preparations for the trip said Mr. Bush did not plan a large-scale U.S. aid package for Poland, mostly because of a desire to avoid a repetition of the lending of the 1970s, which went sour and burdened Poland with a $39 billion debt.

Rather, Mr. Bush will seek a joint allied approach and is looking at relatively modest proposals for U.S. financial aid and incentives.

In a speech April 17 in Michigan, President Bush outlined incentives, some of which could clear the way for Poland to work with the International Monetary Fund toward market-oriented economic policies.

Although it moved quickly through the House of Representatives, the Bush package failed to clear the Senate in time for his trip. Moreover, since the proposal was made, elections have been held and Solidarity leaders have appealed for Western aid.

22 Die in Chinese Mine Blast

Agence France-Presse

BEIJING — Twenty-two persons were killed and three injured in a coal mine explosion in Shanxi Province in northwestern China, according to the Xinhua news agency.

Monopoly Rule Has Ended, Jaruzelski Says

The Associated Press

WARSAW — General Wojciech Jaruzelski says that the Communist Party's automatic leading role in Poland "already is history" and it will never return to the monopoly rule of the past.

In an interview, General Jaruzelski also praised the Solidarity leader, Lech Walesa, and said that Poland would seek "friendly American support" but not "charity" during the visit of President George Bush from July 9 to 11.

General Jaruzelski said that the Communist Party did poorly in the June elections because voters had not yet realized the extent to which it had altered its program in favor of democracy and change.

He said that if the party would "honestly" carry out its program, it would have a chance "to rebuild its influence in society." But he said that influence could never again be "on the basis of monopoly."

On the so-called leading role of the party, by which it claims an automatic right to rule, he said: "The leading role of the party, understood in a mechanical way, already is history. Today the party, like other political forces, seeks social confidence and support."

Thursday's NASDAQ Prices

Prices as of 4 p.m. New York time.

This list, compiled by the A.P., consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

International Herald Tribune

TRAVEL

❑ Gotland Island
❑ Rebuilding Babylon
❑ Frequent Traveler

Jan Hollander

A runner falls as bulls rush around a sharp corner at the beginning of Calle Estafeta in Pamplona during the San Fermin festival.

Past Is Present In Pamplona

A Seasoned Bull Runner Takes Note of Changes

by Allen Gall Carney

IN 1950, Spain reopened its frontiers after the terrible hiatus of civil war and political isolation, and irrevocably changed Pamplona's festival of San Fermin. Today, Spain's most popular fiesta — which begins next Friday — is one of the world's three great times for revelry, along with Carnival in Rio and Munich's Oktoberfest, and Pamplona is best known the world over, however fleetingly, for its traditional running of the bulls.

Its population of 190,000 virtually doubles during the tumult of fiesta, and the popular maxim applies — *No es como antes*, indeed, things are not like they were before.

Nowhere are the changes in the San Fermin more evident than in the *encierro* — the running of the bulls — a venerated tradition and a form of devotion with sentient belief in the protection of San Fermin.

THE fiesta's popularity and the fame of the run have resulted in dramatic increases in the number of participants. The frantic stampede of thousands of men — of disproportionate condition and skills — has become a growing danger that defies solution. In the mad melee, runners collide, trip and trample each other in the path of galloping bulls and steers.

The encierro has changed in more than numbers and danger. Despite the appearance of total chaos, bull running has evolved for select runners into an art with specific rules and styles, a form of tauromachy. In spontaneous relays, experienced runners literally lead herds and cite attacking bulls through the streets into the arena.

In contradiction to Pamplona's traditions, running bulls has also become a competitive sport, with athletes who train for its rigors. Stretching exercises and sprinting prior to the run have

Continued on page 8

The Comeback of the Potato

PARIS — You could call it potato madness. You would be hard-pressed to find a Paris restaurant that does not sing the praises of the once lowly potato, which now reigns as the vegetable of honor in the finest restaurants.

Modern chefs use it as a base for caviar; they layer it between slices of foie gras; they puree it with basil then spread it — like sandwich filling — between filets of gently smoked salmon. More traditional cooks offer it, good as ever, in meltingly tender and golden gratins; they serve it warm with smoked sausages or herring; they blend it with garlic and curds of fresh Cantal for the creamy potato dish known as aligot. And of course, no one knows fried potatoes like the French.

Much of the credit for "reinventing" the potato goes to Joël Robuchon, who has been serving his now-famous butter-rich potato puree at his Michelin-three-star Paris restaurant, Jamin, for several years.

As Robuchon likes to joke, he has made his name by serving mashed potatoes and a tossed green salad. But of course his salad

PATRICIA WELLS

(composed of at least three different greens and seven herbs, and coated with a truffle-rich dressing) is not just any salad. And his potato puree (in which he uses as much as a pound of butter for every two pounds of potatoes) is made with not just any old potato, but the variety known as *la ratte*, now in vogue.

Which leads us to Jean-Pierre Clot, the newly appointed potato king of France. Clot, who grows la ratte for Robuchon and a handful other restaurateurs in the Paris region, delivers the potatoes each week in his Mercedes-Benz.

Potatoes have become such a status item in France that the French weekly Nouvel Observateur recently defined luxury as "a Cartier watch, a Lacoste shirt, and Jean-Pierre Clot's potatoes." When they can be found in the market, la ratte potatoes sell for about 12 francs a kilo, or two to three times the price of the more common varieties.

So what's so great about la ratte? The small, oval, smooth-skinned potato (one of 102 official varieties in France) has actually been around since the 1930s, when it was

Continued on page 8

TRAVELER'S CHOICE

Revolutionary Paris

■ A historical map, "Paris, 1789-1989: In *the Footsteps of the Revolution,*" has been published in English and French, providing visitors with both a contemporary street guide and descriptions of various sites and their significance to the French Revolution. The map can be ordered for 50 francs (about $8) from Durand-Cartographisme, F-30260 Corconne, France; tel: 66.77.49.34.

Pacific Cruises

■ *Two Japanese luxury cruise ships* launched earlier this year will be operating throughout Japan and the Pacific region in coming months. The Oceanic Grace, built by Showa Line, has accommodations for 120 people, all in first class. The Fujimari, built by Mitsui OSK Passenger Lines, has room for up to 600 people, with each cabin having a view on the ocean.

Colorado Indian Market

■ The Colorado Indian Market, July 5 to 9 at the University of Colorado in Boulder, is a festival of Indian art, dance and cuisine. About 400 artists from 100 tribal nations will be represented. Jewelry, sculpture, beadwork and painting will be for sale, and there will be performances featuring Pueblo eagle dancers, Lakota hoop dances, Mohawk puppets and Sioux courting flutes. Colorado Indian Market, P.O. Box 13006, Boulder, Colorado 80308; tel: (303) 447-9967.

Dublin Horse Show

■ Every August more than 100,000 people attend the Dublin Horse Show. This year the show will be Aug. 8 to 12, and will include competitions among about 1,400 hunters, jumpers, draft mares and stallions, ponies and other horses. Also in Dublin at the same time will be the Royal Horticultural Show and fairs for violin makers, crystal cutters, lacemakers and other artisans.

Akihiro Hashimoto

Kenji Tsuchisawa, owner of Okura Oriental Art, with kitchen chest that sold for 650,000 yen.

Shopping for Antiques in Japan

by Patrick L. Smith

TOKYO — Sitting next to a magnificent mid-Meiji kitchen chest in a back room of her Roppongi antique shop, Kathryn Milan recalls a day in the early 1960s when Tadashi Morita, her mentor in the trade, purchased a similar piece for the equivalent of $21.

For anyone interested in Japanese antiques, the story induces the same bittersweet sense of heartbreak relished a few years ago among those following the Manhattan real estate market. Milan's piece, of keyaki wood with sliding panels of cedar, went recently for $9,600.

The market for antique *tansu*, as Japanese wooden chests and cabinetry are known, is not for the squeamish or, at this point, the unserious. Those simply looking for something by which to remember their days in Japan may wish to consider a Walkman or a Citizen watch.

But in spite of prices that are now forbidding, the demand for these objects, products of a folk art raised to the level of serious collecting, is strong and getting stronger. And market values, like Tokyo shares, seem to go in only one direction.

"Where are *prices going? That's our question* all the time," says Kenji Tsuchisawa, owner of Okura Oriental Art in central Tokyo. "Good-quality tansu have gained 20 percent in the past year alone, and they still keep going up. They're obviously a good investment."

Wealthy Japanese are starting to appreciate what many others view as homely relics.

Complex grains, natural veneers, austere lines and simplicity of design have earned the best traditional cabinetry a permanent place among overseas collectors. And the gamble on appreciation has been highly attractive: Until recently an overseas dealer could get back two and a half times his Tokyo investment simply by choosing well and exporting a piece back to a European or U.S. retail shop.

But it has not been a steady ride upward for those who view tansu at least partly as an investment. Virtually every dealer in Tokyo cites the yen's four-year appreciation against the dollar when asked how the market for Japanese chests has changed in recent years and what factors have changed it.

Long dominated by foreign buyers — visitors, residents, dealers, museum officials — the tansu trade lost many potential customers at the lower end as the expensive yen sent prices up for dollar holders. Other buyers were no longer looking at elaborate bridal chests but at more modest *hibachi* or writing desks instead.

Only at the top of the market has demand been steady. It has long been easier to sell a fine piece, dealers report, than to replace it once it leaves the shop. And well-to-do Japanese are now starting to appreciate what most of their compatriots view as homely relics to be replaced with the latest from Italian furniture ateliers.

At this point, it is difficult to approach even a modest-size sea captain's chest of reasonable quality for less than 200,000 yen

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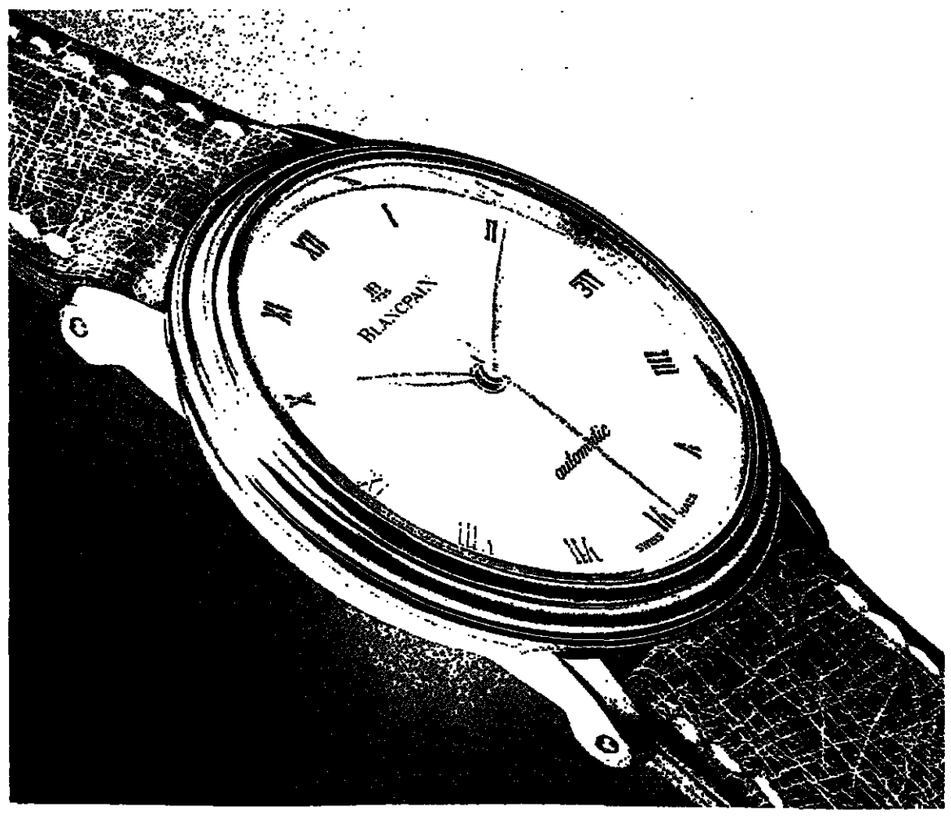

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TRAVEL

THE FREQUENT TRAVELER

Round-the-World Bargains

by Roger Collis

THERE'S an ineluctable logic to flying round the world if you already need to go half way — especially if you can do it for less than the cost of a regular round-trip. This explains the growing popularity of round-the-world (RTW) tickets, which can save you up to 40 percent on first class, business and full economy fares. Two can often travel for little more than the price of one; or you can visit destinations in both hemispheres instead of limiting yourself to either east or west.

You can buy RTW tickets in most countries. Starting from North America, a typical routing might take you to Europe, the Middle East and the Far East. You could then fly home via the north or south Pacific.

Let's say you want to fly from Los Angeles to Sydney. A round-trip ticket in business class will cost you $4,400. But for $4,150 you could buy an RTW ticket allowing you to visit London, Bangkok, Singapore, Hong Kong, Sydney, Auckland and Honolulu. (A round-trip ticket to London would normally cost you $4,514). From London, you can buy a RTW ticket to Tokyo, Honolulu, San Francisco, Los Angeles, Vancouver, Toronto, New York, for £1,980 (about $3,070) in business class, against £2,406 for a normal round-trip to Tokyo. From Zurich, you can save 653 Swiss francs (about $390) on a round-trip to Sydney if you buy a RTW ticket, taking in Tokyo as well if you wish.

PAN AM introduced the first round-the-world flight in June 1947, with a Lockheed Constellation flying westward from New York, taking 13 days to visit 17 destinations in 11 countries. The airline started the first low-cost RTW fare in 1978. Every day, Pan Am flights 1 and 2 took off in opposite directions to circumnavigate the globe. The idea was to reward passengers who flew each sector of the route with Pan Am with a fare of around half the IATA price for first class and economy. Many airlines followed suit, but as none of them had sufficiently extensive route networks, they were forced to team up in twos or threes in order to remain competitive.

Today, there are dozens of airline partnerships serving about 300 cities, and RTW routes crisscross the globe. Pan Am, which no longer has its global network, collaborates with Qantas, United and Cathay Pacific. Other examples include British Airways-Qantas-United; JAL-Air Canada; Northwest-Thai; Singapore-TWA; TWA-Qantas; Malaysian-Continental; Air New Zealand-Cathay; SAS-Thai; American-Royal Jordanian-Korean Air; Northwest-Air India; KLM-Canadian International, and Virgin Atlantic-Lan Chile-UTA. But you don't need to use all the airlines in a combination, nor stop over at all the destinations offered.

There are stricter conditions for RTW fares than for normal round-trips. You must travel in a continuous direction with no backtracking and you are not allowed to stop over more than once at any destination. In most cases you must make at least three stopovers (although you can usually make as many as you like), book the first sector 14 days ahead and not return home in less than 14 days (RTW tickets are normally valid for a year). However, except for the first leg, you can change times of flights (though not carriers) as often as you wish. You can change your routing for a charge of $25 per flight coupon.

BE aware that rules and prices vary from ticket to ticket and country to country. RTW fares originate mostly in U.S. dollars and sterling converted into local currency at the bank buying rate. Some RTW fares are unavailable in Eastern Europe, Japan and West Germany. One strategy is to buy a one-way ticket to another country and originate your RTW from there.

Whether a RTW ticket is worthwhile depends on how flexible you need to be, where you want to go and how much time you have. As a rule, if your destination is around 8,000 miles away, say from London or New York to Tokyo, New York or Miami to Hong Kong or Los Angeles to Singapore, even Sydney, you might as well keep going.

One thing to bear in mind when you choose a RTW ticket is that some parts of Africa, South America and Caribbean are not as well served with flights as North America, Europe, the Middle East and Asia. In some cases you may have to buy an expensive side-trip. Another consideration is how far south you are traveling. A northern hemisphere RTW, which will take you to Singapore, Tokyo and Bangkok, is about 30 percent less expensive than a southern routing to destinations in Australasia and the South Pacific.

Some travel agents have deals with airlines that allow them to waive the advance-purchase and minimum-stay rules.

Ati Travel in Brussels offers an almost-unrestricted Pan Am-Cathay ticket in business class for 117,400 Belgian francs (about $2,850). There are unlimited stopovers. One itinerary might be: Brussels-Hong Kong-Tokyo-Los Angeles-Chicago-New York-Brussels. You would save $200 on the Hong Kong round-trip and $1,500 on a combined business round-trip ticket to Hong Kong and Los Angeles.

WEXAS Travel in London offers unrestricted RTW tickets in economy on Canadian Airlines with Cathay, Thai or Singapore Airlines. For example, the combination with Cathay allows you the following itinerary: London-Amsterdam-Toronto-Vancouver-Honolulu-Suva (Fiji)-Hong Kong-Sydney-Bangkok-London. This costs £885, or £995 for a New Zealand option. For the same prices you can go with Canadian and Singapore, which lets you visit the Maldives on the way back.

A versatile RTW fare for combining business and pleasure is the BA-Qantas-United partnership. You have a choice between unlimited stopovers or nonstop flights. In London this costs: first class, £3,856; business class, £2,678; economy, £1,736. It enables you to fly to any North American gateway, then up to three mainland stops departing from either Vancouver, Los Angeles or San Francisco to, for example, Honolulu, Sydney, Adelaide, Brisbane, Melbourne, Sydney, Auckland, Tokyo, Beijing, Hong Kong,Kuala Lumpur, Bangkok. Then either to London via Singapore and Bombay, or via Bahrain and Rome. You can travel either east or west.

Choice is the problem when shopping for RTW deals. You first have to decide where you must go, then where you might want to go. Think what you can achieve in the time available. Be realistic. Don't buy on price alone (more expensive tickets often give you more flexibility and options). ■

Placid Gotland, A Baltic Retreat

by Anne Matthews

GOTLAND, Sweden — Walking through Stockholm's Old Town one gray summer morning, I discovered a half-dozen Swedes standing transfixed and silent before a jeweler's locked and barred front door. Taped to the glass was a child's crayon drawing: seagulls and sun, bright sails on pale-green water, and a rose-laden island crowned by red-roofed towers. "Rest till Gotland," read the careful printing below. "We've gone to Gotland."

Poised in mid-Baltic between southern Sweden and Soviet Latvia, the island of Gotland forms a low-lying oval 78 miles long and 33 miles wide (about 125 kilometers by 53). Half primeval nature preserve, half privileged summer retreat, Gotland's beauty is reserved and spare, its thin limestone soil burdened with history. On a weeklong visit there with my family, we explored the castles and churches of Gotland's walled capital, Visby; waded along the island's white sand beaches, and walked its fir groves and moors. From shaggy wild ponies to guillemots and other rare sea birds, we spotted much midsummer wildlife, but surprisingly few other travelers.

Even in peak season (late May to early September), Gotland seems uncrowded. Hundreds of visitors, largely from Stockholm and other Swedish cities, arrive daily at the geranium-bordered Visby docks, ready to head for the country in Saabs, on bikes, with rucksacks. Gotland's tranquil expanses absorb them all. "Any Scandinavian vacation has four absolutes," one cheerful Stockholm matron explained to me, "sun, shore, shopping and silence — which makes Gotland a Swedish nirvana."

Getting to Gotland can be swift or scenic, as you please. Scandinavian Airlines System service to Visby from Stockholm's Arlanda airport (flight time: 40 minutes) is available several times a day. Or one can charter a yacht in Stockholm for a comfortable 18-hour overnight cruise to Visby harbor. But the most satisfying journey to Gotland, we found (also most convenient, if you have a rental car) can be the four-hour, 65-mile voyage aboard the great blue and white ferries, prompt and orderly, that sail daily from a half-dozen mainland harbors south of Stockholm.

AS the port of Nynasshamn and the Swedish coast receded behind us, we began unfolding maps. Our ferry was retracing, almost exactly, the route taken for 2,000 years by Gotland's adventurous trading fleets. As early as the Iron Age, Gotland was a commercial center. Roman, Viking and Hanseatic merchants in turn kept the strategically located island an independent stronghold, its fortunes anchored in Europe's taste for Baltic amber, herring and furs.

Gotland's merchant princes proudly spent their profits at home. Until about 1200, Visby was larger than Paris, and home to architecture nearly as magnificent. But a series of disasters, from plagues and financial panics to a 1361 invasion by Waldemar of Denmark, left 14th-century Gotland half-abandoned at the peak of its golden age. London, Antwerp and Florence continued to flourish, but their Baltic rival has rested ever since in history's backwash.

As we sat on the deck of the ferry, wrapped in thick pullovers against a bone-chilling wind, sprawled around us with faces lifted to the pale northern light were several hundred sun-basking Swedes, many stripped to their shorts.

"What a triumph of wishful thinking," whispered a Dutch doctor in the next deck chair, gloved hands wrapped around a mug of hot chocolate. "Do they really think 50 degrees means summer?"

But two hours later, the air had indeed turned balmy. Gotland's climate, the gift of warm trade winds and ocean currents, is so temperate that roses often bloom well into December. As the ferry slowed and turned, passengers crowded the rails to admire one of Scandinavia's most romantic landfalls.

VISBY'S skyline is a riot of delicate Gothic spires and arches, astonishingly preserved. Nestled between deep crescent-shaped harbor and steep encircling cliff, the city occupies a strip of land so narrow that its gabled cottages, red-tiled roofs and buildings of cream-colored stone must rise in dense tiers, nearly from the water's edge. Roses bloom everywhere, in yellow, peach and crimson patches, trellised and twining.

The town and its narrow, cobbled streets, we found, were best explored from the top down. The restored districts within the wall are largely off-limits to cars, but free parking is available at clifftop, above St. Mary's Cathedral. Walking briskly, you can work your way downhill, then back and forth across the city, in 40 minutes. If willing to wander, as we were, the same journey can demand two days.

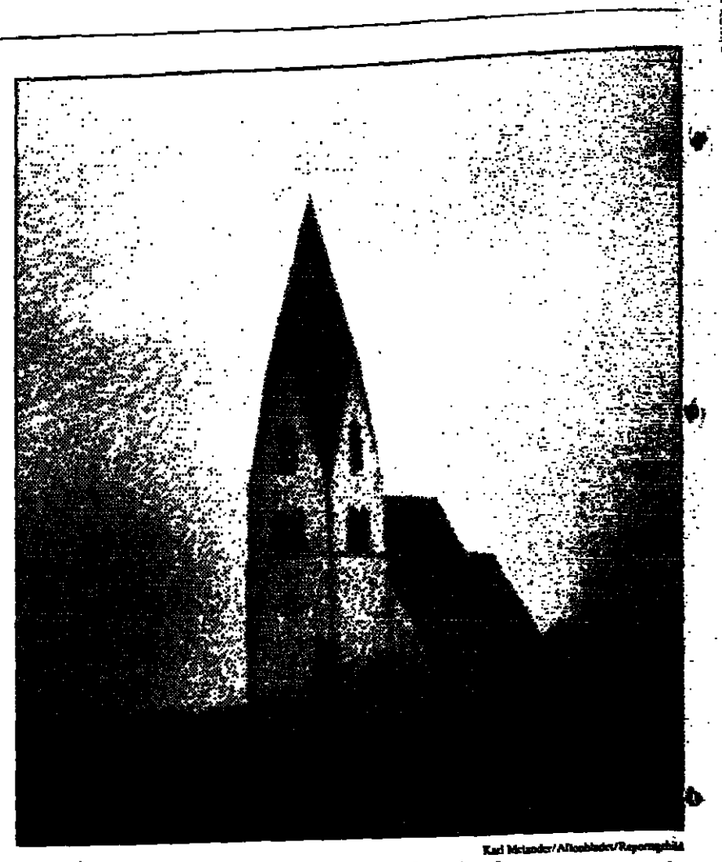
The Visby city wall proved to be one major distraction, a triumph of 13th-century engineering nearly two miles long, punctuated with 44 watchtowers (many with ancient names — Lamb Tower, Maiden Tower, Silver Cap) that soar 50 to 60 feet (15 to 20 meters) above the city. We prowled the excellent historical museum near the harbor, too, and wandered the 17 medieval churches of Visby, 10 of which are now evocative ruins, grass-floored, and open to the sky. Hours at Gotland's historic sites tend to be vague. "Open until dark," say many signs, a mild Swedish joke. June and July bring nearly 22 hours of daylight, with a pearly twilight falling only from 1 to 3 A.M.

It's just as well: Nightlife is not among the island's strengths. Fresh air and early bedtime remain staples of Gotland summering, though Visby does host a solid chamber music festival and recital series (July 31 to Aug. 7), and from July 10 to Aug. 11 the city stages a lavish rendition of Friedrich Mehler's mystic pageant opera "Petrus de Dacia" in the extremely scenic ruins of St. Nicolas Church each Monday, Wednesday and Friday evening. As with everything on Gotland in summer, from ferry space to hotel reservations, tickets should be arranged well in advance.

Sports expensive and esoteric flourish too, from the Gotland Runt, or yearly overnight Stockholm-to-Visby sailing race (the Baltic equivalent of the America's Cup, sponsored by the Royal Swedish Yacht Club) to the Viking Olympics (July 10 to 12), which feature ancient, alarmingly authentic island games, from leg wrestling to a soccer-like free-for-all to an event that resembles the Highland caber toss.

Fine crafts have been enjoying a revival on Gotland as well, and I soon understood why island artisans boast a lively following among Scandinavian collectors. We lingered over shelves of featherweight woolen throws, moved on to admire embroidered linens, and lingered again at the handknit sweaters in soft abstract pastels. Gold and silver necklaces set with amber and Swedish bluestone, as elegantly avant-garde as anything we'd seen in Stockholm, shone beside carved and polished candlesticks of Gotland granite, heavy and satisfying in the hand. ■

Anne Matthews, who teaches in the English department at Princeton, wrote this for The New York Times.



Karl Melander/Aftonbladet/Reportagbild

Tofta is one of nearly 100 churches on the island.

Steven Rothfeld

Jean-Pierre Clot

Potato Comeback

Continued from page 7

grown in the mountainous regions of France.

"But even then, it was a luxury potato," explains Clot, who notes that potato farmers ate other varieties during the week, and saved la ratte for Sundays.

The soil in Clot's potato fields, east of Paris in the department of Seine-et-Marne, is sandy, fine and the color of a rich chocolate mousse. He doesn't fertilize his fields because he believes that, "with fertilizer, the potatoes grow to full size quickly, but all the flavor is sacrificed." He even harvests his potatoes a few weeks before they are ready to eat, to keep them from taking on a mealy quality.

The ratte, which weighs no more than three ounces (85 grams) at maturity, is most prized for its very smooth skin, its firm interior and its earthy flavor, with almost a hint of hazelnuts. The skin is so thin that, when fresh, it can be peeled by rubbing it between the fingers.

When new, they are best served simply sautéed in their skins, then sprinkled with garlic and parsley. Once they have aged a bit (stored a few months in a damp and cool storage shed, with soil still clinging to the skins) they are perfect for butter-rich mashed purees.

It is not the first time the French have flipped over potatoes. When they first came into fashion, during the reign of Louis XVI, the king took to wearing potato flowers as a boutonniere.

Potatoes were considered so indispensable that in 1793 an official census was taken of the gardens in France so that space could be devoted to the potato's cultivation. As Alexandre Dumas reported, the principal avenue and flower beds of the Jardin des Tuileries were turned over to potato cultivation. This is why potatoes were for a long time also called "royal oranges."

The following is a potato-lover's guide to the best potato dishes in Paris:

Classic steak and fries: Les Gourmets des Ternes, 87 Boulevard de Courcelles, Paris 8 (tel: 42.27.43.04).

Mashed: Jamin (Joël Robuchon), 32 Rue de Longchamp, Paris 16 (47.27.12.27).

With caviar: Pile ou Face, 52 bis Rue Notre-Dame-des-Victoires, Paris 2 (42.33.64.33).

Gratin: Cartet, 62 Rue de Malte, Paris 11. (48.05.17.65).

Aligot: La Lozère, 4 Rue Hautefeuille, Paris 6; tel: 43.54.26.64.

Baked potato cake: L'Ami Louis, 32 Rue du Vertbois, Paris 3 (48.87.77.48).

Warm pork sausage in potatoes, vinegar and oil (Montbéliard chaud): Chez Maître Paul, 12 Rue Monsieur-le-Prince, Paris 6 (43.54.74.59).

Warm beef and potato salad: Chez André, 12 Rue Marbeuf, Paris 8 (47.20.59.57).

Raclette (melted cheese with steamed potatoes in their skins): La Maison du Valais, 20 Rue Royale, Paris 8 (42.60.23.75).

Terrine of potatoes and foie gras (gateau Landais) and mashed potatoes with olive oil and basil: La Maison Blanche, 82 Boulevard Lefebvre, Paris 15 (48.28.38.83). ■

The Past and the Present at Pamplona's Fiesta

Continued from page 7

replaced dancing to the *Dianas*, fast-paced music traditional to the encierro.

The encierro remains a unique spectacle, a drama of rare and frequently transcendent beauty that matches the magnificence of the bulls with men who know what it means to run noble y bravo, for San Fermin. On that level, glory seeking, sport and art have little meaning.

The man generally blamed for the foreign invasion is not Franco but Ernest Hemingway, whose novel "The Sun Also Rises," remains a source of popular reference. While the book contributed significantly to initial foreign interest, the fiesta itself has been a far more powerful catalyst in achieving its current popularity.

A weeklong, nonstop phantasmagoria of music, processions, bullfights, fireworks, bull running, dancing, feasting and drinking, the San Fermin's attraction continues unabated.

Change has affected even Hemingway. Formerly lionized for bringing Pamplona international reknown, he is now criticized for just that and — brilliance of prose unquestioned — his failure to recognize the San Fermin's vital essence of participation.

IT would be illogical to expect the San Fermin to continue unchanged. For all the medieval splendor of its Casco Viejo — the city center where the heart of fiesta beats wildest — Pamplona is a modern and cosmopolitan city. The capital of Navarre, a province with one of Spain's most diverse and successful economies, it boasts a flourishing intellectualism and a passion for the arts growing out of a culture with origins that predate Roman times.

Changes in the San Fermin have not been a consequence of the annual foreign incursion so much as of changes in Pamplona's society and, more broadly, in the economy and society of modern Spain.

The most significant changes are social and political. People still remember when it was forbidden to speak the Basque language in public, and a man could spend nine years in jail merely for displaying the Basque flag.

The official program of fiesta is now in both Basque and Spanish, and the Basque flag is flown at municipal buildings. Franco's repression has been replaced by cultural freedom, significant provincial autonomy and the problems of democracy faced with terrorism.

First-time visitors to the fiesta are unlikely to be encumbered by such political nuances. The people of Pamplona revere their patron saint and — despite lapses during the radicalism of the Basque nationalist sentiments in the late 1970s — the custom is that during San Fermin all politics and problems of daily life are put aside, and fiesta reigns supreme.

The subtle nature of change is perhaps most regrettably evidenced by the vanishing traces of folkloric music. Old men with accordions no longer come out of the pueblos and the *txistu*, the Basque flute with lovely high wailing notes, is still heard in processions but has become rare in the impromptu of the streets.

The recorded music in bars, formerly the heartrendingly beautiful Navarran *jotas*, has been replaced by contemporary rock 'n' roll.

The bands, however, play a virtually continuous cacophony of traditional music everywhere in the streets and bullring, and their quality has, if anything, improved.

In another vein, the tradition of wearing dress whites accented with red sashes and *panuelos*, red scarves symbolic of fiesta, has over the last 20 years become a widespread practice among foreigners and residents of Pamplona alike, greatly adding to the colorful ambience.

There are a myriad other subtle and overt changes in the fiesta, reflections of a dynamic and sophisticated culture grappling with the problems of its burgeoning popularity and the dimensions of progress.

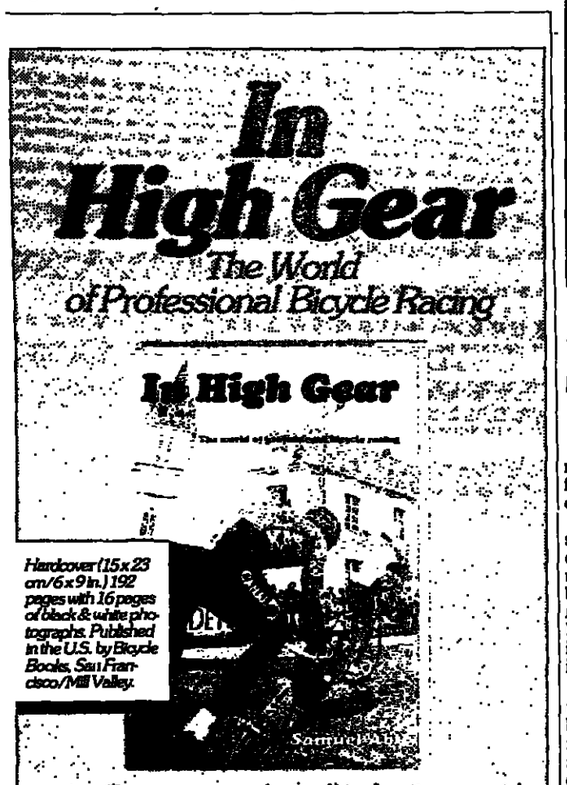
Progress was marked in the 1960s when, due to Spain's adoption of daylight savings time, the hour of the bull run was moved from 7 to 8 A.M., and thus the custom of staying up all night to watch or run the encierro was discontinued, because of an extra hour that was simply an hour of revelry too much.

The expanding economy of the 1970s afforded more grandiose fireworks, and the added concern for safety moved the fireworks display outside of the Casco Viejo, again changing a long-established pattern in the fiesta.

More significantly, the emancipation of women into more vital professional and egalitarian roles in the modern society of Pamplona, and more fully into many aspects of the fiesta previously denied, is a long, albeit incomplete, step away from the days when their participation was restricted to dancing at midnight on the Plaza del Castillo, chaperoned.

Despite all changes, the Navarrans retain in all of Spain and further a reputation for being noble y bravo. Their hospitality and generosity are legendary, unchallenged by changing times, progress or the multitudes of visitors. Their fiesta remains without equal. In the magnificent setting of Pamplona's Casco Viejo, enveloped in waves of music, wine, feast, camaraderie, sun, bulls and other joys, the infectious spirit of San Fermin still dances uninhibitedly in the streets. After everything is said, some things never change. ■

Allen Carney, whose father Matt Carney was a fixture of Pamplona's fiesta for many years, has been attending the San Fermin and running encierros in Navarre since 1974.



Hardcover (15 x 23 cm/6 x 9 in.) 192 pages with 16 pages of black & white photographs. Published in the U.S. by Bicycle Books, San Francisco/Mill Valley.

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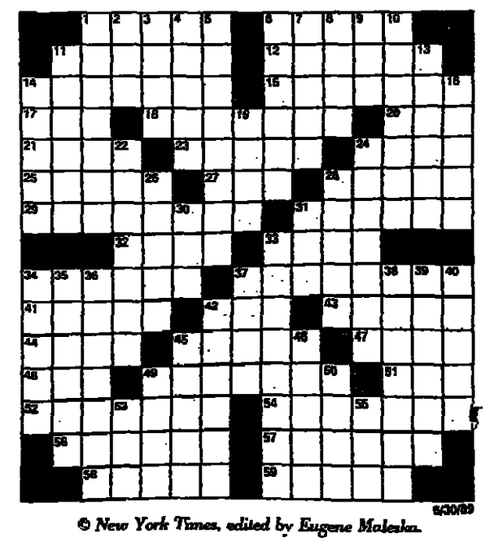

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Visiting 'New' Ancient Babylon

by Paul Lewis

BABYLON, Iraq — For the last eight years the Gulf war has put Iraq pretty much off limits to many tourists. The U.S. State Department advised against visiting the country, and Iraq was none too generous in granting visas. But this is changing. War has given way to the truce established in August last year. The State Department's most recent advisory to travelers was still cautionary but pointed out that wartime conditions no longer prevailed. And Iraq says it wants to encourage tourism and is granting visas more readily.

Iraq's attraction for foreigners lies in its history, archaeology and, for many, the aura of romance that surrounds Baghdad, the city where Scheherazade whiled away a thousand and one nights with her exotic tales and Ali Baba boiled the 40 thieves in oil.

Today the Iraqi authorities are seeking to develop ancient Babylon as the nation's premier tourist attraction by reconstructing the vast Southern Palace that King Nebuchadnezzar built there in the sixth century B.C., along with the famed Ishtar Gate and several ancient temples. Reconstruction is also going on at other archaeological sites and most notably at Nineveh, or Mosul as it is called today, but on nothing like the scale seen at Babylon.

If the Iraqi government carries out this promise to develop a tourist industry, it should eventually be possible to arrange tours of Iraq that would include both ancient archaeological sites and the many fine examples of earlier Islamic architecture. But for now, prices in Iraq are high, and it is not worth the expense and effort of a separate trip to the historical sites of Iraq alone.

Rather, Baghdad and the reconstruction of Nebuchadnezzar's palace are best thought of as a bonus on a business trip or as part of a Middle East tour. Such a tour could lead logically from the pyramids of Egypt to the red rock city of Petra in Jordan and continue by way of Baghdad to the Gulf island of Bahrain. Archaeologists now believe that Bahrain was the site of the ancient civilization of Dilmun, where at the beginning of history the story of the Garden of Eden makes its first appearance.

IRAQ takes its past seriously and delights in calling itself the cradle of civilization. For Mesopotamia, the fertile wedge of land between the Tigris and Euphrates rivers, was the site of the early civilizations of Ur, Eridu, Nineveh and, of course, Babylon — home of the Hanging Gardens and the Tower of Babel, whose decadent, pagan splendor is recorded in the Book of Revelation:

Alas, alas, that great city,
That was clothed in fine linen, and purple, and scarlet,
And decked with gold, and precious stones, and pearls!
For in one hour so great riches is come to nought.

By rebuilding portions of ancient Babylon, Iraq is trying to create images of the past that ordinary people can appreciate and understand. Nearby countries, with proud pasts, have imposing ruins to show visitors — the pyramids of Egypt, the Parthenon in Athens, King Midas's palace at Knossos in Crete. But the creators of Mesopotamian civilization built with mud brick, not stone, and their handiwork has been reduced to little more than earth mounds. These make fine excavating sites for archaeologists but are scarcely tourist attractions.

"When you took visitors to Babylon in the old days all they saw was a pile of mud," says Graham Phillip of the British School of Archaeology in Baghdad. "Reconstruction gives everyone something to see."

Even with the Iraq-Iran War over, foreigners should be aware that Iraq can seem an unwelcoming country. It is tightly controlled. Foreign newspapers and books are banned, though a thin official English-language paper appears daily in Baghdad. The personality cult of its leader, President Saddam Hussein, has reached astonishing proportions, with vast pictures of him staring down from every crossroads, every building, every office wall.

NYT

The country is also expensive; with the Iraqi dinar currently pegged at about $3.40, the exchange rate leaves a tube of toothpaste costing $8 and the most modest meal in one of Baghdad's major hotels around $40 a head.

In summer, the heat is oppressive, with temperatures getting into the 100s Fahrenheit (40s Centigrade) from June through September. Heat exhaustion is a hazard, and a dusty wind adds to the unpleasantness. Winters are cooler.

On the other hand, Iraq is more liberal in some ways than many of its Arab neighbors. Alcohol flows freely in hotels and bars in the big towns, and women are not discriminated against in public places.

Babylon is the closest major historical site to Baghdad, about 60 miles (100 kilometers) south on a tolerably good road. At present the only practical way to get there is by taxi, which is expensive. The large Baghdad hotels all have their own taxi services with sizable, comfortable cars in reasonably good condition. The opening price may well be 100 dinars, or $340, for the day trip, but bargaining should get this down to $200 to $240. The smaller, local taxis that swarm around the big hotels are cheaper but they are less comfortable and reliable. The best thing is to try to share a hotel car with like-minded guests. The hotel will help put together parties.

The drive to Babylon takes an hour and a half. Visitors should wear informal clothes and good hiking shoes because plenty of walking and climbing are involved. After a police checkpoint at the outskirts of Baghdad, the road runs across flat, muddy country, dotted with palm groves and market gardens.

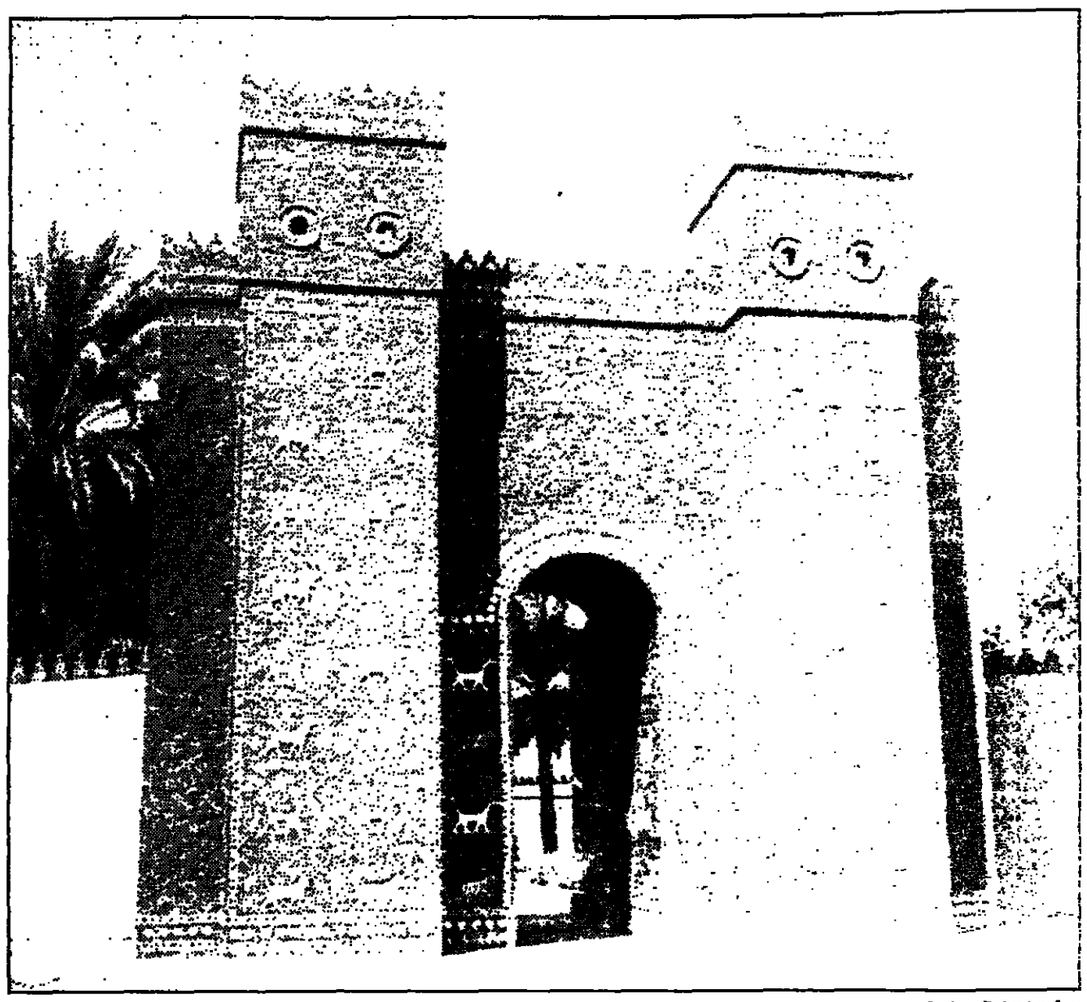
THE first glimpses of Babylon are indeed disappointing. "Clothed in fine linen and purple" the city may have been, but today the signpost pointing to Nebuchadnezzar's unexcavated Northern Palace reveals only a huge earth mound. Soon the road swings to the right and there, at the end of an avenue of trees, stands a fortified gateway of blue glazed tiles decorated with dragons and bulls. It is a half-size reconstruction of the Ishtar Gate, which once stood on the Processional Way, ancient Babylon's main thoroughfare. Ishtar was the most widely worshiped goddess in Babylonian religion; and it was along the Processional Way that the images of the gods were carried during the New Year festival.

The gate's reconstruction, like that of the Southern Palace itself, is based on designs by Robert Koldewey and Walter Andrae, the German archaeologists who excavated the area before World War I and carried off to Berlin most of the magnificent glazed tiles that once covered the gate and the principal palace chambers.

The gate marks the entrance to reconstructed Babylon, which is essentially the Babylon of King Nebuchadnezzar, the city's most famous monarch, and one of the towering figures of the ancient world, who ruled from around 604 to 562 B.C. The king figures prominently in the Bible, though since he sacked Jerusalem and brought many Jews back to Babylon in captivity, its portrait of him is less than flattering.

The Ishtar Gate leads to a courtyard with a gift shop selling books and maps of Babylon and a museum showing reconstructions of the city that include the impressive Etemenanki Ziggurat, believed to be the original Tower of Babel. From here visitors walk up to the wide flagged Processional Way, which overlooks the reconstructed Southern Palace now approaching completion. For the last three years more than 1,000 Sudanese laborers have been piling yellow brick upon yellow brick, rebuilding this immense edifice, formed around five great courtyards and containing about 500 rooms. Today the outer, crenelated walls, which the Greeks considered one of the Seven Wonders of the World, along with the Hanging Gardens, are awesome in length and height. But the succession of bare roofless rooms inside seem uninteresting, except for the vaulted subterranean chambers and the Throne Room.

Koldewey and Andrae thought the underground chambers were the foundations of the Hanging Gardens, though contemporary archaeologists say they were storage rooms. The huge Throne Room, with its dais, was the probable site of Belshazzar's Feast, when the prophet Daniel read the writing on the wall foretelling Babylon's destruction, and it has a spooky feeling even today.



Paul Lewis/The New York Times

Half-size reconstruction of the Ishtar Gate is decorated with dragons and bulls.

As impressive as the reconstructed palace are the remains of the first Ishtar Gate, now sunk below the level of the Processional Way, which Nebuchadnezzar decorated with unglazed dragons and bulls and special inscribed bricks proclaiming that he built it. In keeping with this Babylonian custom, President Hussein has inserted similar bricks into the walls of the Southern Palace telling future generations it was rebuilt "in the era of the leader Saddam Hussein."

The reconstructed Temple of Nin Makh, which is usually closed to visitors, stands nearby and beyond it a rest area with picnic tables, where cold drinks and snacks are on sale. A restaurant has washrooms and serves sandwiches and drinks. On the farther side of the Processional Way is the Lion of Babylon, an unfinished basalt effigy of a lion eating a man. And all around there is nothing but the steep dusty hillocks that mark the rest of unexcavated Babylon.

Nothing but a vast indentation in the ground marks the remains of the Tower of Babel, about half a mile to the south of the palace. Nowadays, archaeologists think the Hanging Gardens lay to the west of the palace under unexcavated lands near the palm-fringed banks of the Euphrates — the celebrated Waters of Babylon where Nebuchadnezzar's captive Jews hung their lyres on willow trees and lay down to weep.

THERE are many other ancient historic sites in Iraq, including the great brick arch at Ctesiphon and the remains of the Ziggurat at Aqar Quf, both only about 20 miles from the capital and easily reached by taxi. Your first sight of the arch at Ctesiphon comes as rather a shock. The visitor drives through palm trees and suddenly there it is — an immense cavernous hall, like the last vestige of a Victorian railroad station, surrounded by a small wire fence that has collapsed in places. You just scramble through a gap, wander around and wonder how long it will stay standing without some reinforcement.

Back in Baghdad, visitors should explore the Iraqi National Museum, which contains one of the best collections of Babylonian art and artifacts outside the Louvre or the British Museum. It includes a beautiful golden lyre, a king's helmet of gold and the disintegrated skulls of Babylonian princesses with their funeral head jewelry still in place.

While Baghdad is today an unromantic, dusty city straddling the brown waters of the Tigris, it contains some treasures from the early days of Islam, though they are not well advertised. The Kadhimain Mosque, built in 1515, with its two domes and four minarets covered with gold, is one of the sacred shrines of the Shiite Muslims. ■

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Shopping for Antiques

Continued from page 7

(about $1,420). Prices climb quickly into the millions of yen if a piece's age is certain and its condition original.

But it is more than demand that keeps prices bubbling up. High-quality pieces are increasingly rare simply because the period during which classic tansu were produced was extremely brief. The first tansu, not much more than primitive trunks, were crafted only in the 17th century. It was almost 1700 before tansu with drawers, sliding panels and ironwork first appeared, and well into the Meiji era (1868-1912) before they were produced in any volume and with the subtlety that comes with tradition.

"You really can't bring a knowledge of European cabinet work to Japan and make a sensible comparison," says John A. Adair Jr., a prominent Tokyo dealer for 15 years. "The Japanese have no real history of living above the floor — they lived on it — so the tradition is very young."

Apart from the usual buy-what-you-like advice, tansu experts say the most important decision to be made is whether a client wants an antique, which means a piece built during the Meiji era or earlier, or simply a fine piece of furniture. Antique hunters then have many more choices to make.

The wood type is important: The use of keyaki, or Japanese elm, for instance, will significantly boost a piece's value because its soft glow is much appreciated among collectors. Replaced panels, the original hardware, a piece's finish — all must be weighed against the price at which a tansu is offered.

There are maybe a dozen shops in Tokyo catering to foreign clients. Do not assume their prices are higher than locally oriented dealers; they are simply more attuned to Western preferences. Four of the best are located within a 10-minute walk of one another in the Roppongi district:

Kurofune, at 7-7-4 Roppongi, Minato-ku (tel: 479-1552), offers the best collection of tansu in Tokyo by all accounts, including those of competitors. John A. Adair Jr., Kurofune's proprietor, displays a passion for his pieces in the extraordinary detail he provides on each. Kurofune's three floors offer the widest variety of tansu available, most of which are in original and excellent condition. No serious collector, or even the visitor seeking a single, special piece, should miss this shop. But prices are steep and Adair is not much for bargaining, particularly on museum quality pieces, of which he has many.

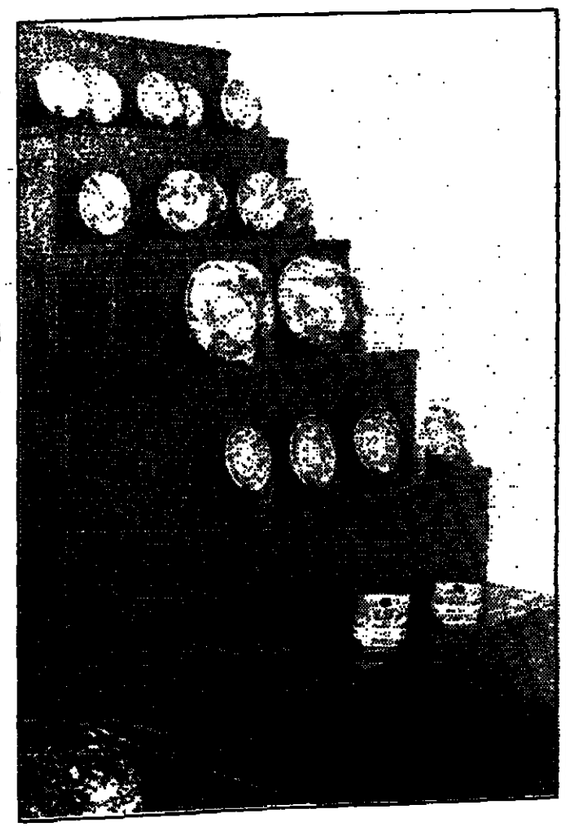
Hasebeya, at 1-5-24 Azabujuban, Minato-ku (tel: 401-9998) is often classed with Kurofune; its collection is smaller but of the same caliber. On a recent visit, the shop's most expensive piece was 2.5 million yen, a signed and dated captain's chest with unusually elaborate interior panels and drawers. Junichi Hasebe, who has run the shop for 17 years, understands English but (like many Japanese) prefers not to speak it. Nonetheless, his prices can be discussed — "depending on the piece and who is buying it," Hasebe says with a smile.

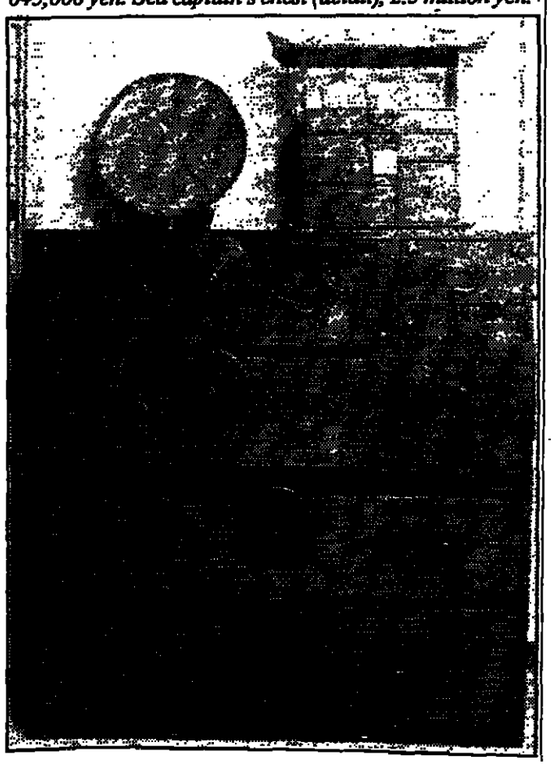
At **Okura Oriental Art**, 3-3-14 Azabudai (tel: 585-5309), Kenji Tsuchisawa caters somewhat more to street trade and one-off buyers and less, perhaps, to visiting dealers and established collectors. But there are many fine pieces available at the shop or his warehouse elsewhere in Tokyo. A pair of stacked chests with well-preserved ironwork arrived one recent morning and went, after three inquiries, for 750,000 yen before lunchtime. Tsuchisawa prefers to move pieces quickly — "Anything here for three months makes us uncomfortable," he says, and this is reflected in Okura's approach to pricing.

Kathrya Milan, at 3-1-14 Nishiazabu (tel: 408-1532), offers a few Chinese pieces along with her tansu. Occasionally a piece will have an over-restored look — too much lacquer, a finish not quite right — reflecting the need among dealers to dig deeper into the countryside as pieces become scarcer. But those are exceptions in several rooms of quality chests and smaller items, offered at what may be the best prices in Tokyo. A large kitchen chest sold recently went for as much as a third too cheaply, by her own reckoning. "I hate selling, and I like to turn things over," she says. "The joy of this business is in the buying, in turning things up." ■

Photographs by Akihiro Hashimoto

Left, staircase chest, 2.5 million yen. Below, bridal chest, 645,000 yen. Sea captain's chest (detail), 2.5 million yen.





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—**hand delivery	N.Kr.	2,500	776	1,400	700
Portugal	Esc.	29,000	29,240	16,000	8,800
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—***hand delivery Barcelona, Bilbao, Seville	Ptas.	32,000	22,600	17,600	9,700
—***hand delivery Madrid	Ptas.	46,800	—	23,400	11,700
Sweden (airmail)	S.Kr.	2,000	1,276	1,100	600
—**hand delivery	S.Kr.	2,500	776	1,400	700
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NYSE Most Actives

	Vol.	High	Low	Last	Chg.
BncOne	42583	34½	32½	32⅞	+4⅞
ParCom	21027	62⅞	60⅝	60⅞	—2
Tosco	18245	4¼	4	4⅛	— ⅛
UCarb	17086	26⅛	25⅝	26	— ⅝
IBM	14095	113¾	111¼	111¼	—2⅜
SCEcp	15294	35⅛	34⅞	35	+ ⅛
AT&T	14214	36	35⅜	35½	— ⅜
GMotr s	13985	41⅞	40½	41	— ⅜
GnInst	12415	35⅞	34⅞	34⅞	—1⅛
PrimeC	12407	19¼	19	19¼	+ ¼
EKodak	12141	48⅛	47½	47⅝	—1⅛
GenEl	11854	53	52½	52½	— ⅜
USX	11332	35¼	34¼	34⅜	— ⅞
RJR pf	10976	22⅞	22⅝	22⅝	— ⅜
WornC	10193	60⅝	59¾	60	— ¾

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	92.06	—0.21
Utilities	92.83	—0.10
Industrials	91.29	—0.32

Market Sales

NYSE 4 p.m. volume	167,100,000
NYSE prev. cons. close	189,150,290
Amex 4 p.m. volume	13,770,000
Amex prev. cons. close	10,740,000
OTC 4 p.m. volume	142,033,900
OTC prev. 4 p.m. volume	127,488,200
NYSE volume up	16,556,400
NYSE volume down	132,984,709
Amex volume up	1,943,000
Amex volume down	7,279,200
OTC volume up	19,148,100
OTC volume down	95,772,062

NYSE Diary

	Close	Prev.
Advanced	273	485
Declined	1324	997
Unchanged	396	488
Total Issues	1993	1970
New Highs	43	83
New Lows	26	18

NYSE Index

	High	Low	Close	Ch'ge
Composite	180.78	178.75	178.75	—3.12
Industrials	216.68	214.14	214.14	—3.98
Transp.	173.90	171.41	171.41	—3.19
Utilities	88.18	87.42	87.42	—1.34
Finance	153.71	152.03	152.03	—2.25

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
June 28	279,085	544,712	49,194
June 27	360,816	549,155	23,263
June 26	338,777	540,090	25,173
June 23	448,602	546,076	16,908
June 22	402,501	497,756	19,228

*Included in the sales figures

Thursday's NYSE Closing

Via The Associated Press

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2493.93	2500.00	2451.25	2458.27	— 46.47
Trans	1176.42	1178.69	1149.74	1152.98	— 25.87
Util	210.82	211.83	208.33	209.34	— 1.96
Comp	962.90	965.43	945.55	948.52	— 17.59

AMEX Diary

	Close	Prev.
Advanced	236	232
Declined	468	324
Unchanged	257	291
Total Issues	851	847
New Highs	15	25
New Lows	16	11

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	372.92	365.42	365.70	—7.22
Transp.	269.56	264.86	264.14	—5.42
Utilities	134.42	132.34	132.42	—2.20
Finance	30.84	30.28	30.31	—0.53
SP 500	325.81	319.54	319.68	—6.13
SP 100	302.52	296.68	296.95	—5.56

NASDAQ Index

	Close	Ch'ge	Week Ago	Month Ago
Composite	437.91	— 6.99	445.33	442.89
Industrials	424.27	— 8.57	433.90	439.30
Finance	514.94	— 3.65	519.73	511.71
Insurance	503.83	— 4.33	501.99	488.30
Utilities	704.52	— 13.0	714.83	682.36
Banks	469.79	— 5.59	473.89	463.68
Transp.	420.77	— 3.15	427.50	414.74

NASDAQ Diary

	Close	Prev.
Advanced	511	726
Declined	1,607	1,247
Unchanged	2,282	2,428
Total Issues	4,400	4,401

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Amdhl s	13353	17¼	16½	16⅝	—3½
BAT	10488	10⅝	10½	10⅝	
HouOT	7938	1½	1½	1½	+ ⅛
Diasonc	4278	3	2⅞	2⅞	— ⅛
ENSCO	3958	8⅛	8	8	— ⅛
Atari	3671	8⅛	7⅞	7⅞	
WangB	3529	11⅛	10⅞	11	— ⅛
FruitL	2898	15	14⅝	14¾	— ¼
TexAir	2717	21⅛	20⅛	20⅞	—1
Hasbro	2597	21⅜	20⅜	20⅝	—1
A-Ism sc	2543	11⅛	10⅝	10⅝	—1
HmHar	2281	6⅞	6⅝	6⅝	+ ⅛
GMI	1783	10½	10⅜	10½	
PattCp	1728	32⅛	30⅞	31⅜	— ½
Lionel	1541	7¼	6⅞	6⅞	— ¼

AMEX Stock Index

High	Low	Close	Ch'ge
364.06	360.37	360.61	—3.40

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NY Stock Prices Fall Sharply

United Press International

NEW YORK — Stock prices took their worst beating in more than three months Thursday as profit-taking spilled over from the last session and increases in key foreign interest rates sparked economic concerns.

The Dow Jones industrial average, which fell 21.63 points Wednesday, plunged 46.47 to close at 2,458.27.

It was the largest one-day drop for the blue-chip indicator since March 17, when it lost 48.57.

Broader market gauges also plummeted. The New York Stock Exchange composite index fell 3.12 to 178.75, and Standard & Poor's 500-stock index slid 6.13 to 319.68. The price of an average share lost 61 cents.

Declines led advances by a 6-to-1 ratio. Big Board volume totaled 167.1 million shares, compared with 158.47 million traded Wednesday.

Analysts said the market has reflected economic uncertainty since Monday as it wavers below its highest closing levels since the October 1987 crash.

"The bulls and bears seem to be coming in on alternating days," said Harry Miller, portfolio analyst with Interstate-Johnson Lane Corp. in Atlanta.

Recent signs of a slowing economy have fueled hopes that the U.S. Federal Reserve Board will ease credit conditions. But such signs also have raised fears of a recession, which could hurt corporate earnings, analysts said.

Also posing a threat to earnings has been the recent strength of the dollar.

Against that backdrop, analysts said key interest-rate hikes by many European central banks Thursday, led by West Germany's Bundesbank, added to the confusion as to whether the Fed will ease its monetary policy soon.

"The West German rate hikes sort of came as a surprise," said Hildegard Zagorski, market analyst at Prudential-Bache Securities Inc.

"The market is seeing some profit taking, but it's overbought anyway," she noted, alluding to the steady rise in stock prices since last November.

Besides profit-taking, analysts tied the drop in stock prices to weakness in the index-futures market, which enabled arbitragers to profit by buying futures contracts and selling stocks designed to mirror their movement.

In trading Thursday, Banc One Corp. was the most active NYSE issue, jumping 4⅞ to 32⅞. The company won a bidding contest to buy MCorp's failed banks from the government, which marks its entry into the Texas market.

Paramount Communications followed, dropping 2 to 60⅞. The company said seven banks have agreed to join Citibank to provide senior debt financing for its sweetened $12.2 billion tender offer for Time Inc. Time fell 2¼ to 155. Warner Communications, Time's preferred merger partner, eased ¾ to 60.

Amdahl led the Amex issues, dropping 3½ to 16⅝. The company Wednesday said its second-quarter net income will be 25 percent or more below the year-ago 48 cents a share, despite an anticipated 20 percent increase in revenues.

(Continued on next left-hand page)

WHO
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WALL STREET WATCH

Nintendo's U.S. Stock Bid Is More Than Just a Game

By DOUGLAS C. McGILL
New York Times Service

NEW YORK — Nintendo Co., which in the last three years has conquered the home video game market in the U.S. — it has more than an 80 percent share — is now testing the country's stock market. On June 7, the Japanese company issued American depository receipts making it possible for U.S. investors to hold its stock.

"We've served the consumer with our product," said Russ Bulman, director of finance for Nintendo of America. "Now we need to service their investment needs. This is a first step, to see what kind of activity is generated."

Sales of the ADRs have been brisk, said a spokesman for Nomura Securities Co., the primary market maker. The spokesman said Nomura is averaging sales of 6,000 to 10,000 Nintendo ADRs a day.

It seeks a role as a consumer electronics product company, one observer says.

Even brisker, though, is speculation among toy and electronics industry analysts about the meaning of this step for Nintendo, which is searching for ways to build on its enormous success.

"It's part of their long-term strategy to make people think of Nintendo as a consumer electronics product company," said Sean McGowan, a New York toy industry financial consultant. "They see their product as something that should sit on the same shelf as products made by Sony, NEC and Sharp."

Nintendo says the company is indeed vigorously pursuing nonvideo game uses for the Nintendo Entertainment System, which turns televisions into a video game screens. As a result of the company's success in the past three years, the system is in about 17 percent of American homes.

Nintendo says the computer could easily be adapted to receive information through telephone lines about health care, stock prices, sports scores and home shopping.

"The potential exists for a broad array of services using the Nintendo Entertainment System as the conduit," said William White, the company's advertising director.

Nintendo is holding talks with American Telephone & Telegraph Co. on the possibility of establishing such an information network using Nintendo systems already in U.S. homes, he said.

IN JAPAN, where Nintendo systems are found in 37 percent of households, a communications system offering stock trading information already has 100,000 users, Mr. White added.

Since 1987, Nintendo has been the undisputed leader in the home video game market, having revived an industry that boomed to $3 billion in sales in 1982 and then dropped to around $100 million in 1985.

Nintendo's sales in 1989 are projected at $2.6 billion. Industry experts say the company's success is the result of shrewd marketing and price control.

There are signs, however, that Nintendo may get some stiff competition. Two companies, NEC Corp. and SEGA of America, have introduced home video games with significantly more computing power — and thus better graphics — than the Nintendo system.

And the Atari Corp. has introduced a portable video game player to compete with the Game Boy, Nintendo's recent entry in that market.

These developments have caused some speculation that the video game industry may again be building to a market saturation that could lead to another bust. Nintendo executives, however, doubt it.

"We don't believe it's a cyclical business," Mr. Bulman said. "If we have quality software, no matter what time of the year we introduce it, it should sell — and sell well."

Angola's oil industry could be revitalized as prospects for the end of a 14-year civil war brighten the outlook for a battered economy. Gamma

Peace May Unleash Angola's Economy

By Warren Getler
International Herald Tribune

LONDON — Angola, flirting with peace after 14 years of civil war, could emerge as one Africa's most powerful economies in the 1990s, Western analysts say.

There are indications that Western companies are checking out prospects for major investment in Angola, working on the assumption that a lasting settlement to its devastating war can be secured.

"It's got oil, it's got diamonds, it's got vast amounts of fertile land and a low population density," said Tom Young, professor of politics at London University's School of Oriental and African Studies.

"There is no doubt that Angola stands a good chance of becoming one of the most prosperous African countries in the 1990s as it recovers from the wounds of war," said Tony Hodges, the author of a study on the Angolan economy.

A New York-based American oil executive said, "We're very, very positive on Angola; it's a country of endless resources. The question is what is the country going to do with them."

Western oil companies are already stepping up activity in Angola, and observers in London said there were prospects for further important diamond discoveries. The country had oil revenue of about $2 billion last year, and with increased investment, the foreign earnings generated on diamonds could rise to nearly $1 billion by the mid-1990s.

The immediate problem for Angola's Marxist government, which last Thursday signed a cease-fire agreement with U.S.- and South-African backed guerrillas, is to reach an enduring political reconciliation with the National Union for the Total Independence of Angola, or UNITA, and the rebels' commander, Jonas Savimbi.

'Angola stands a good chance of becoming one of the most prosperous African countries in the 1990s.'
Tony Hodges, author of a study on Angola's economy.

The government, led by President José Eduardo dos Santos, must then come to grips with "enormous war damage, extreme shifts of population and the effective collapse of institutions," said Mr. Young.

The resolution of those problems will also have huge consequences for the economic prospects of neighboring Zaire and Zambia. Copper production in those countries has suffered from the nearly complete disruption of transportation on the Benguela railway, which links Zaire's Shaba mining district and Zambia's copperbelt with the Atlantic.

At its peak in the early 1970s, 2.5 million tons of cargo per year were transported along the 1,350 kilometer (840 miles) line. But the freight, including large supplies of Angolan iron ore, now has plummeted to about 300,000 tons a year.

On Monday, the state-run Angolan news agency, Angop, quoted government officials as saying they would welcome the return of Belgian engineers to assess the damage done to the railway during the war.

A spokesman for Société Générale de Belgique, the Belgian conglomerate that owns the railway, said the company is "waiting for official approval" to send engineers to appraise the damage.

Guy Dellicour, the spokesman, said that the prospects for peace look encouraging and that engineers from Tanks Consolidated Investments Ltd., the British subsidiary of Société Générale that runs the railway, could be sent to Angola by September or October.

Last January, about $90 million in aid was pledged by a group of donors, led by the European Community and the Portuguese government, to rebuild the transportation infrastructure, centering around the rail line and the port of Lobito.

Mr. Hodges said, "one of the major rehabilitation projects that's going to succeed if peace really is restored is the revival of the railway." But, he added, the railway revival would be just the first step in a long process to recharge Angola's largely agrarian economy. Approximately 75 percent of the nation's population — about 9.6 million people — lives outside major towns.

"The disruption that the war has caused in rural areas has been absolutely devastating," he said. "One-tenth of Angola's rural population has been uprooted."

Angola, which once exported up to 200,000 tons of cereal each year before becoming independent in 1975, is now dependent on at least 300,000 tons of imports annually to meet its needs, according to the Food and Agriculture Organization.

In coffee production, where Angola once ranked fourth behind Brazil, Columbia and the Ivory Coast, output is now down to less than a tenth of what it was in the early 1970s, according to U.S. Department of Agriculture estimates.

Perhaps the biggest hurdle to economic revival after the war, analysts said, is the shortage of skilled labor. There was an exodus of skilled Portuguese technicians and engineers when Angola was granted independence.

The Angolan government, preoccupied with civil war and spending up to 50 percent of its foreign earnings on arms imports, has failed to cultivate an educated labor force and establish a functioning infrastructure. Angola does have an extensive road network, but it is in need of massive refurbishing as result of the war.

Mr. Young said "the only thing that works is the oil industry, because it's offshore and the government has put its best people into Sonangol," the state oil concern.

Four multinational oil companies — Chevron Corp., Société Nationale Elf Aquitaine of France, Petrofina SA of Belgium, and Texaco Inc. — have been producing oil from offshore rigs and have sharply increased investment and output in Angola over the past two years with the return of higher crude prices. Conoco Inc., another major U.S. oil company, is looking for oil in Angola, but has yet to pump crude.

Angola, which is currently producing more than 460,000 barrels per day of a low-sulfur crude, is Africa's second-largest oil producer, after Nigeria. Production is supposed to peak next year at 500,000 barrels per day, nearly triple the 1983 output of 178,000 barrels and up from an average 451,000 barrels last year. More than 90 percent of Angola's foreign earnings are generated by oil revenue.

An American oil executive who is a frequent visitor to Angola said there has been "a flood of Ameri-

See ANGOLA, Page 13

Bundesbank Sparks Boost in European Rates

By Richard E. Smith
International Herald Tribune

FRANKFURT — The West German Bundesbank surprised the currency markets on Thursday by raising its key lending rates by half a percentage point in response to concern that booming growth in the West German economy may stoke inflationary pressures.

The move was immediately followed by central banks in France, Switzerland, the Netherlands, Belgium, Denmark and Austria.

The rate increase boosted the Deutsche mark by more than 2 pfennig against the dollar and prompted an even sharper rise against the yen, which has been weakened by the political turmoil surrounding Prime Minister Sosuke Uno.

The dollar closed in Frankfurt at 1.9430 DM, down sharply from 1.9651 DM on Wednesday. The yen closed in Frankfurt at 1.3705 DM, down from 1.3780 DM.

"We are in fact worried that the pace of economic growth could become too strong," said the Bundesbank president, Karl Otto Pöhl, in an interview on the West German television on Thursday.

"I would not say that it is overheating, but the potential for price and cost increases is developing," he said.

The Bundesbank raised its two key rates by half a percentage point each. The discount rate was increased to 5 percent and the Lombard rate rose to 7 percent. They had last been raised in late April, also by half a point each.

The discount rate is the rate at which commercial banks borrow funds from the central bank using treasury bills as collateral, while the Lombard is an emergency funding rate under which banks borrow using securities as collateral and usually forms a ceiling for

See RATES, Page 15

America's Debt Burden Soars to $533 Billion

The Associated Press

WASHINGTON — The foreign debt of the United States, already the world's largest borrower, surged 40.8 percent in 1988, to $532.5 billion, the government said Thursday.

The Commerce Department said the new debt total was $154.2 billion higher than the revised $378.3 billion in debt to foreigners that the United States owed at the end of 1987. The debt figure means that foreigners own more in U.S. assets than Americans own abroad.

For 1988, the government reported that foreign holdings in the United States increased 15.4 percent, to $1.79 trillion. American investments abroad also rose, but by a smaller 7.2 percent, climbing to $1.25 trillion.

The difference between those two figures is America's net debtor position.

The huge jump in the debt total in just one year was certain to rekindle the debate over what the runup in foreign holdings means for America's future.

Many private economists believe the United States is losing control of its economic destiny and the debt burden will ultimately lower U.S. living standards, as wealth is transferred into the hands of foreigners to service the debt, leaving less money for distribution in America.

However, the government contends that foreign investment has been good for the country, bringing an infusion of capital needed to rejuvenate many aging American industries.

Foreign direct investment, defined as ownership of at least 10 percent of a company, soared by 21 percent last year, to a record $328.8 billion, reflecting a foreign buying-spree for American companies.

The huge U.S. net debtor position shows how rapidly foreign debt is piling up. As recently as 1983, the United States was the world's largest creditor nation, with a surplus of $89 billion.

That surplus fell to $3.3 billion in 1984 and disappeared altogether in 1985, when the country became a net debtor for the first time in 71 years.

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Currency Rates

Cross Rates *June 29*

	$	£	D.M.	F.F.	ITL.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.2045	3.4355	1.1272	0.3321	0.154 *	—	5.386 *	1.3096	1.5445 *
Brussels(a)	40.96	63.78	20.934	6.1695	2.8975 *	18.575	—	24.329	0.287
Frankfurt	1.9574	3.049	—	0.2947	0.1384 *	0.8873	4.777 *	1.1617	1.3765 *
London (b)	1.553	—	3.0363	10.3178	2,198.50	3.423	63.655	2.605	222.75
Milan	1,415.65	2,200.50	722.67	212.93	—	641.39	34.523	841.81	9.899
New York(c)	—	1.5435 b	1.9645	6.667	1,421.50	2.212	41.065	1.6875	140.80
Paris	6.64	10.3495	3.394	—	0.4697 *	3.0118	0.1622	3.9465	4.642 *
Tokyo	141.05	222.37	72.87	21.50	0.101	64.66	3.4865	84.72	—
Zurich	1.667	2.6855	0.8577	0.2532	0.1186 *	0.7616	4.0996 *	—	1.1678 *
1 ECU	1.0626	0.6806	2.0694	7.0236	1,496.11	2.3327	43.334	1.7766	151.205
1 SDR	1.2483	0.8014	2.4434	8.2888	1,770.77	2.7519	51.1308	2.1028	178.82

*Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	230.00	Fin. markka	4.383	Mex. peso*	2494.00	S. Afr. rand	2.7735
Austral. $	1.3175	Greek drac.	167.25	N. Zealand $	1.74	Soviet ruble*	0.643
Austr. schil.	13.76	Hong Kong $	7.793	Nig. naira*	5.2995	Span. peseta	124.95
Brazil cruz.	1.473	Indian rupee	16.40	Norw. krone	7.121	Swed. krona	6.63
Canadian $	1.1952	Indo. rupiah	1758.00	Phil. peso	20.69	Taiwan $	25.65
Chinese yuan*	3.7221	Irish £	0.7309	Port. escudo	162.58	Thai baht*	25.77
Danish krone	7.61	Israeli shek.	1.99	Saudi riyal*	3.749	Turkish lira	2109.25
Egypt. pound	2.5582	Kuwaiti dinar*	0.2947	Sing. $	1.956	UAE dirham*	3.67
		Malay. ring.*	2.703	S. Kor. won	664.70	Venez. boliv.	36.25

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5554	1.5490	1.5434	Canadian dollar	1.1979	1.2008	1.2035
Japanese yen	141.88	141.35	140.97	Swiss franc	1.6699	1.6669	1.6645
Deutsche mark	1.9432	1.9394	1.9363				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Turin Bank To Buy 5% Of Salomon

Reuters

NEW YORK — Salomon Inc., the largest U.S. investment-banking firm, said Thursday that Istituto Bancario San Paolo di Torino would buy up to 5 percent of its common shares as part of a cooperation agreement.

Based on Salomon's reported 131.5 million shares outstanding and its recent price of $25 a share, the 5 percent stake is worth about $165 million.

Salomon said it intends to purchase shares from the Turin-based Italian banking concern when the stock is made available to the public.

Salomon, parent of the Salomon Brothers brokerage, sold $700 million of preferred stock with 12 percent of its voting rights to Berkshire Hathaway Inc. for $700 million in 1987. The sale followed hostile moves by Ronald O. Perelman, chairman of Revlon Group Inc.

Also the parent of Philipp Brothers, the commodities house, Salomon has been in financial turmoil since shortly before the October 1987 stock market collapse.

Salomon said areas for projects with the Italian bank include securities distribution and international mergers opportunities.

Each intends to make a market in the other's shares in their respective countries, Salomon said.

Banc One to Acquire MCorp Banks

By Thomas C. Hayes
New York Times Service

DALLAS — Banc One Corp. of Columbus, Ohio, one of America's most profitable banking companies in recent years, has been selected by federal regulators to acquire the operations of 20 banks in Texas formerly controlled by MCorp.

At the New York Stock Exchange close Thursday, Banc One was the most active issue and was strongly higher. It was quoted at $33 a share, up $5 on the day.

The transaction, announced late Wednesday, is expected to require about $2 billion in aid from the Federal Deposit Insurance Corp. to cover estimated losses from more than $3 billion in problem loans held by the former MCorp banks.

But the agency did not provide financial details of the transaction.

The $2 billion rescue would rank as the third-largest amount of assistance given by the agency for troubled banks, after the bailouts of Continental Illinois National Bank & Trust Co. of Chicago in 1984 and First RepublicBank Corp. of Dallas last year.

The FDIC insures bank deposits of up to $100,000.

Banc One, which has $25.3 billion in assets and operates in six states, is the 25th-largest U.S. bank. The 20 banking operations in Texas have $13.1 billion in assets. The Texas network was renamed the Deposit Insurance Bridge Bank after its seizure by regulators last March.

MCorp continues to operate five banks, with about $3 billion in assets, and it has sued federal regulators to have 12 of the seized banks returned.

In many ways, Banc One's financial profile is similar to that of the NCNB Corp., which the FDIC chose among several bidders last summer to take control of First RepublicBank's failed operations.

The two banking companies have strong capital bases, comparatively little Latin American debt on their books and have profitable regional franchises.

NCNB made two offers for Bridge Bank, one by its parent, based in Charlotte, North Carolina, and another through its Texas operations, NCNB Texas.

Other bidders were First City BanCorp of Texas; Texas Commerce Bancshares; Kohlberg, Kravis, Roberts & Co. and Bank of Scotland.

Frank W. Anderson, an analyst with Stephens Inc., a brokerage in Little Rock, Arkansas, said factors in Banc One's favor were that it had not previously received assistance from the FDIC to acquire troubled banks and that the FDIC has no joint ownership with any of its operations.

SANYO KLEINWORT SPAIN FUND MANAGEMENT S.A.
Société Anonyme
Luxembourg, 11, rue Aldringen
R.C. Luxembourg n° B 27852

Dividend Notice

The Board of Directors of Sanyo Kleinwort Spain Fund Management S.A. decided on June 21st, 1989 the payment of a dividend of US$ 0.14 per share of Sanyo Kleinwort Spain Fund (the Fund), payable on or after July 6th, 1989 to shareholders of record on June 21st, 1989 against surrender of coupon No 1. The shares will be quoted ex-dividend as from June 21st, 1989.

By order of the Board of Directors

Interest Rates

Eurocurrency Deposits *June 29*

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	9⅝-9½	6 ¹⁵⁄₁₆-6 ⅞	7 ⅛-7 ⅜	13⅞-14	9⅛-9¼	5¼-5⅜	9 ⅞-9 ⅜	8¼
2 months	9 ⁷⁄₁₆-9 ⁵⁄₁₆	6 ⅞-7 ⅛	7 ⅛-7 ⅜	13⅞-14	9 ⅛-9 ⅛	5¼-5⅜	9 ⅞-9 ⅜	8 ⅝
3 months	9¼-9⅜	6 ⅞-7 ⅛	7 ⅛-7 ⅜	14 ⅛-14 ⅛	9 ⅛-9 ⅛	5⅜-5½	9⅛-9⅜	8 ⅝
6 months	9 ⅛-9 ⅛	7 ⅛-7 ⅜	7 ⅛-7 ⅜	14⅛-14¼	9⅛-9⅜	5⅜-5½	9 ⅛-9 ⅛	8 ⅝
1 year	8 ⅞-9 ⅛	7⅛-7¼	7-7⅛	14⅛-14¼	9¼-9⅜	5⅜-5½	9 ⅛-9 ⅛	8 ⅝

Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lloyds Bank (ECU); Reuters (SDR).
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates *June 29*

	Close	Prev.
United States		
Discount rate	7.00	7.00
Prime rate	11.00	11.00
Federal funds	9 11/16	9⅝
Com paper 90-179 days	8.11	8.14
3-month Treasury bills	8.02	8.02
6-month Treasury bills	7.76	7.78
1-month CD's	8.80	8.80
3-month CD's	8.75	8.75
Japan		
Discount rate	3¼	3¼
Call money	4 15/16	4 15/16
2-month interbank	5 5/16	5 9/32
3-month interbank	5⅜	5 5/16
West Germany		
Discount rate	4½	4½
Lombard rate	7.00	6½
Overnight rate	6.60	6½
1-month interbank	6.95	6.70
3-month interbank	7.10	7.00
6-month interbank	7.15	n.a.
Britain		
Bank base rate	14.00	14.00
Call money	14	13½
3-month interbank	14⅛	14.00
6-month interbank	14 3/16	14.00
France		
Intervention rate	8¼	8¼
Call money	9 1/16	9 1/16
1-month interbank	9⅛	9 1/16
3-month interbank	9⅛	9 1/16
6-month interbank	9⅛	9 1/16

Sources: Reuters, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits *June 29*

1 month	9 ⅞ - 9 ⅝
2 months	9 ⅞ - 9 ⅝
3 months	9 ⅛ - 9 ⅜
6 months	9⅛ - 9¼
1 year	n.a. - n.a.

Source: Reuters.

U.S. Money Market Funds *June 29*

Merrill Lynch Ready Assets
30-day average yield: 9.10
Telerate Interest Rate Index: 8.884
Source: Merrill Lynch, Telerate.

Gold

June 29

	A.M.	P.M.	Ch'ge
Hong Kong	374.55	376.45	+ 2.90
Luxembourg	376.35	—	+ 2.60
Paris (12.5 kilo)	375.15	374.97	+ 1.94
Zurich	373.95	376.45	+ 2.70
London	376.30	376.30	+ 2.55
New York	—	370.45	— 4.80

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Tokyo Pacific Holdings N.V.
Tokyo Pacific Holdings (Seaboard) N.V.

The Quarterly Report as of 31st March 1989 has been published and may be obtained from:

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National Westminster Bank PLC
Stock Office Services,
3rd Floor
20 Old Broad Street
London EC2N 1EJ

N.M. Rothschild & Sons Limited
New Court, St. Swithin's Lane,
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D 4000, Düsseldorf 1

Sal. Oppenheim jr. & Cie.
Unter Sachsenhausen 4, D 5000, Köln 1

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Boulevard Emile Jacqmain 162,
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10a Boulevard Royal, Luxembourg

Merrill Lynch International & Co.
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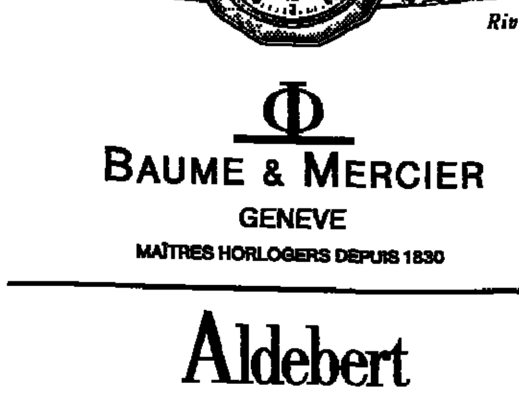
Rothschild Australia Limited
Royal Exchange Building
56 Pitt Street, Sydney N.S.W. 2000

Modification to Shareholders of
Merrill Lynch Global Currency Portfolios
Société d'investissement à capital variable
2, Boulevard Royal, L-2953 Luxembourg.
R.C. Luxembourg B29815.

Merrill Lynch Global Currency Portfolios (the "Fund") has determined to offer shares of a Canadian Dollar portfolio (the "Canadian Dollar Portfolio") at an offering price of $10 (Canadian) per share, plus a dealer markup as described in the Fund's prospectus referred to below, for an initial offering period which will end on July 20, 1989, unless terminated earlier by the Board of Directors of the Fund or unless extended for all and any subscribers by not more than 30 business days (the "Initial Offering Period"). Commencement of operations of the Canadian Dollar Portfolio is contingent upon the Fund obtaining subscriptions during the Initial Offering Period for a minimum of 1,000,000 shares of the Canadian Dollar Portfolio. If the minimum is not attained, the offering will be determinated and subscriptions for shares cancelled and subscription monies will be refunded to subscribers. In the event the minimum is attained, the Fund will commence a continuous offering of shares of the Canadian Dollar Portfolio on the next Valuation Date (as such term is defined in the Fund's prospectus), expected to be July 31, 1989, at a price based on the net asset value per share.
The Canadian Dollar Portfolio will have the same investment objective and policies and investment restrictions as those of the Fund's other portfolios which are described in the Fund's prospectus dated February 1989 copies of which are available at the registered office of the Fund at 2, Boulevard Royal, L-2953, Luxembourg.

BEYOND PERFECTION.



BAUME & MERCIER
GENEVE
MAÎTRES HORLOGERS DEPUIS 1830

Aldebert
JOAILLIER-HORLOGER
PARIS 1875

A Paris : 16, place Vendôme.
1, boulevard de la Madeleine.
6, rue du Faubourg Saint-Honoré.
70, rue du Faubourg-Saint-Honoré.
Palais des Congrès - Porte Maillot.
A Cannes : 19, La Croisette.
A Monte-Carlo : Piaget.
3, avenue des Beaux-Arts.

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

U.S. Futures

Via The Associated Press

June 29

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
4.22	3.27	Jul	4.10	4.10	4.04½	4.05	—.07¼
4.29	3.50½	Sep	4.12	4.13½	4.08	4.08¾	—.05½
4.40½	3.78	Dec	4.21	4.23	4.18½	4.18¾	—.05
4.42	4.03½	Mar	4.23½	4.25½	4.21½	4.21¾	—.03½
4.32	3.98	May	4.10	4.10	4.06½	4.08	—.03
3.85	3.65	Jul	3.73	3.74¼	3.72	3.72	—.02½
Est. Sales		Prev. Sales 24,094					
Prev. Day Open Int. 71,278							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
3.60	2.33	Jul	2.64½	2.64¾	2.63	2.64½	—.00¼
3.17¾	2.34¾	Sep	2.50¾	2.51¾	2.49½	2.51	+.00¼
2.95	2.30¼	Dec	2.47½	2.48¾	2.45½	2.47¼	
2.86½	2.38½	Mar	2.53	2.54¾	2.52¼	2.54¼	+.00½
2.89½	2.43½	May	2.56	2.57½	2.55	2.56	+.00¼
2.84	2.44½	Jul	2.56	2.58	2.55½	2.56	+.00¼
2.57	2.34	Sep	2.48	2.48	2.48	2.48	
2.52¼	2.31½	Dec	2.41	2.42	2.40	2.40	
Est. Sales		Prev. Sales 44,948					
Prev. Day Open Int. 151,267 up 5							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
9.86	6.88¾	Jul	7.26	7.34	7.16	7.22½	—.05¼
9.51	6.82	Aug	7.01½	7.04	6.93½	6.96¼	—.05¼
8.25	6.27	Sep	6.61	6.64½	6.55	6.56¼	—.05
7.93	6.14	Nov	6.46½	6.47½	6.39½	6.41½	—.04½
7.67	6.24	Jan	6.54	6.54	6.47	6.48	—.06¼
7.74	6.35	Mar	6.62	6.63	6.55½	6.56½	—.06
7.78	6.41	May	6.65½	6.66	6.59½	6.60½	—.06¼
7.00	6.42	Jul	6.67	6.67	6.61	6.62½	—.05½
6.48	6.48	Aug				6.55	—.01
6.30	6.30	Sep				6.33	—.01
6.60	6.15	Nov	6.25	6.25	6.23	6.23	—.01
Est. Sales		Prev. Sales 43,352					
Prev. Day Open Int. 90,712 off 1,107							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
300.00	201.30	Jul	213.50	215.00	212.50	212.70	—1.90
298.00	195.80	Aug	208.00	209.00	206.80	207.10	—1.50
284.00	189.50	Sep	201.50	202.50	200.50	200.80	—2.10
280.00	184.00	Oct	196.50	196.50	194.60	194.80	—1.70
260.00	183.00	Dec	194.20	194.50	192.30	192.40	—1.80
230.00	183.50	Jan	193.50	194.00	191.50	191.50	—2.00
249.20	183.00	Mar	193.00	192.50	191.50	191.50	—1.20
230.50	182.00	May	191.00	191.00	191.00	190.50	—2.50
200.00	183.00	Jul	193.00	193.00	191.00	193.00	+.50
Est. Sales		Prev. Sales 19,479					
Prev. Day Open Int. 62,084 off 3,280							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
[illegible]							
Est. Sales		Prev. Sales 26,006					
Prev. Day Open Int. 72,280 off 828							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
73.80	65.00	Aug	70.67	70.97	70.55	70.77	+.25
73.15	66.30	Sep				71.50	+.20
74.11	68.20	Oct	73.35	73.70	73.22	73.27	+.05
73.95	62.00	Dec	72.90	72.92	72.65	72.70	—.02
73.60	69.80	Feb	71.77	71.87	71.60	71.62	—.15
74.05	70.80	Apr	72.45	72.60	72.35	72.35	—.10
72.90	69.75	Jun	71.15	71.17	71.05	71.05	—.25
71.25	69.50	Aug				69.80	
Est. Sales 13,892		Prev. Sales 11,890					
Prev. Day Open Int. 70,971 off 206							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
83.30	75.65	Aug	81.25	81.55	81.17	81.22	+.15
83.10	75.50	Sep	81.00	81.25	80.90	81.05	+.20
83.00	75.90	Oct	81.00	81.37	80.80	81.07	+.15
83.50	76.60	Nov	81.47	81.85	81.45	81.45	+.10
83.75	77.30	Jan	81.67	81.75	81.67	81.67	+.02
81.25	77.40	Mar	81.25	81.30	81.10	81.10	+.10
80.65	78.90	Apr	80.40	80.40	80.40	80.60	+.10
79.50	79.20	May				79.50	+.15
Est. Sales 1,217		Prev. Sales 949					
Prev. Day Open Int. 13,824 off 10,069							
HOGS (CME) 30,000 lbs.- cents per lb.							
56.00	45.20	Jul	49.20	49.30	48.82	48.90	—.20
51.00	43.25	Aug	48.30	48.40	47.45	47.72	—.45
47.00	40.80	Oct	43.95	44.10	43.55	43.57	—.33
47.25	38.75	Dec	46.20	46.25	45.53	45.57	—.43
48.00	43.70	Feb	47.00	47.10	46.70	46.70	—.30
45.10	42.77	Apr	44.22	44.22	43.65	43.65	—.32
48.70	46.40	Jun	48.50	48.50	48.30	48.30	+.10
48.90	48.05	Jul	48.75	48.82	48.60	48.62	+.17
Est. Sales 5,293		Prev. Sales 5,491					
Prev. Day Open Int. 27,256 up 19							

Season High	Season Low		Open	High	Low	Close	Chg.
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
64.50	28.95	Jul	35.35	35.85	34.60	34.70	—.65
58.20	29.20	Aug	35.30	35.95	35.00	35.15	—.20
61.60	42.00	Feb	52.50	52.95	52.05	52.15	—.47
60.00	42.00	Mar	52.25	52.50	51.85	52.00	—.30
60.90	46.85	May	52.80	52.80	52.80	52.80	—1.00
60.90	47.15	Jul	53.75	53.75	52.80	52.80	—.50
55.80	46.85	Aug				51.00	+.40
Est. Sales 6,492		Prev. Sales 6,074					
Prev. Day Open Int. 34,372 off 569							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
155.25	110.25	Jul	109.50	112.00	106.00	111.60	—2.78
152.90	104.75	Sep	103.00	106.05	102.70	105.84	—1.43
149.50	102.40	Dec	101.10	104.25	101.00	104.01	—1.21
146.00	104.25	Mar	102.50	106.00	102.30	105.25	—.99
134.50	105.25	May	105.00	107.50	105.00	107.25	
132.25	109.50	Jul	107.00	109.50	107.00	109.50	—.75
120.00	111.00	Sep	110.00	110.00	110.00	109.75	+1.50
Est. Sales 6,750		Prev. Sales 6,803					
Prev. Day Open Int. 24,724 up 533							
SUGAR WORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
14.10	8.10	Jul	13.70	13.95	13.64	13.92	+.24
14.12	8.45	Oct	13.67	13.99	13.66	13.98	+.45
12.75	8.00	Jan	13.00	13.00	12.75	12.85	+.16
13.25	8.75	Mar	13.09	13.29	13.06	13.28	+.31
13.11	9.28	May	12.98	13.14	12.97	13.13	+.23
12.95	10.55	Jul	12.89	12.98	12.89	12.96	+.16
12.75	10.40	Oct	12.65	12.70	12.65	12.69	+.89
Est. Sales 27,454		Prev. Sales 29,806					
Prev. Day Open Int. 169,313 up 366							
COCOA (NYCSCE) 10 metric tons- $ per ton							
1895	1112	Jul	1205	1217	1205	1202	—7
1850	1127	Sep	1242	1253	1218	1228	—17
1735	1133	Dec	1273	1285	1253	1255	—15
1535	1133	Mar	1282	1298	1266	1269	—12
1465	1138	May	1295	1298	1281	1278	—11
1335	1154	Jul	1305	1305	1305	1290	—15
1339	1180	Sep	1328	1330	1313	1313	—14
Est. Sales 4,085		Prev. Sales 4,299					
Prev. Day Open Int. 45,522 off 125							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
195.00	132.00	Jul	177.80	177.00	174.00	174.00	—4.30
187.75	132.00	Sep	170.25	170.40	167.60	167.60	—5.00
179.50	129.00	Nov	158.00	158.00	155.50	155.50	—3.80
173.00	127.50	Jan	151.50	152.00	150.50	151.10	—2.80
171.30	127.75	Mar	150.00	151.00	150.00	150.30	—2.95
169.00	151.80	May				149.60	—3.15
		Jul				149.60	—3.15
160.00	160.00	Sep				149.60	—3.15
		Nov				149.60	—3.15
Est. Sales 1,800		Prev. Sales 1,126					
Prev. Day Open Int. 9,992 off 25							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
COPPER (COMEX) 25,000 lbs.- cents per lb.							
138.50	73.70	Jul	110.20	111.00	107.50	108.00	—.65
116.55	116.20	Aug				107.00	—.35
131.50	76.80	Sep	108.00	109.20	106.30	106.30	—.30
126.00	77.45	Dec	105.50	105.50	103.40	103.30	—.10
Est. Sales 8,500		Prev. Sales 8,252					
Prev. Day Open Int. 26,598 off 702							
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
104.00	83.00	Jul				83.00	—.25
		Aug				83.00	—.50
104.00	82.50	Sep				82.00	
98.50	81.50	Dec				81.80	+.25
82.50	82.50	Jan				79.50	
87.00	87.00	Mar				79.50	
		May				79.50	
95.50	95.50	Jul				79.50	
		Sep				79.50	
		Dec				79.50	
		Jan				79.50	
		Mar				79.50	
Est. Sales		Prev. Sales					
Prev. Day Open Int. 100							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
985.0	512.0	Jul	530.0	530.0	518.0	512.0	—16.5
536.0	536.0	Aug	520.0	520.0	520.0	516.3	—16.7
861.0	522.8	Sep	529.0	540.0	520.0	521.8	—16.9
886.0	532.0	Dec	551.0	552.5	530.0	533.3	—17.5
815.0	535.0	Jan				534.6	—17.7
910.0	547.5	Mar	564.0	564.0	545.0	544.6	—18.0
910.0	558.0	May	566.0	566.0	555.0	552.7	—18.3
761.5	566.0	Jul	580.0	580.0	560.0	561.0	—18.5
760.0	580.0	Sep				569.4	—18.8
742.0	582.8	Dec	600.0	600.0	595.0	581.3	—19.3
688.0	596.0	Jan				585.1	—19.5
665.0	601.0	Mar	610.0	610.0	600.0	593.7	—19.8
Est. Sales 40,000		Prev. Sales 25,185					
Prev. Day Open Int. 88,234 up 911							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
647.50	473.50	Jul	503.50	509.50	494.00	496.90	—6.70
609.00	475.20	Oct	509.00	512.00	497.00	501.20	—5.10
601.50	478.00	Jan	510.50	513.00	503.00	503.20	—4.40
557.50	490.00	Apr	511.00	511.00	511.00	506.70	—4.40
523.70	494.50	Jul	519.00	519.00	519.00	510.40	—4.40
Est. Sales		Prev. Sales 6,358					
Prev. Day Open Int. 19,050 off 556							
PALLADIUM (NYME) 100 troy oz.- dollars per oz.							
180.00	116.00	Sep	156.25	157.50	155.00	156.15	+.25
177.50	120.50	Dec	153.50	153.50	152.80	153.15	+.10
176.00	123.00	Mar	152.00	152.00	150.50	150.40	+.10
175.00	140.75	Jun	149.50	149.50	149.50	148.15	+.10
149.00	141.00	Sep				146.15	+.10
Est. Sales		Prev. Sales 181					
Prev. Day Open Int. 9,000 off 256							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
377.80	377.80	Jul				371.20	—5.80
575.00	360.50	Aug	379.00	383.00	373.10	373.90	—5.30
575.50	365.00	Oct	383.50	385.90	377.00	377.90	—5.40
514.50	367.50	Dec	387.50	391.50	381.00	382.00	—5.50
516.00	374.50	Feb	392.40	392.40	387.00	386.10	—5.60
525.80	377.50	Apr	395.90	395.90	395.90	390.20	—5.70
497.00	381.00	Jun				394.30	—5.80
487.00	384.50	Aug				398.40	—5.90
472.00	391.00	Oct				402.50	—6.00
455.50	314.00	Dec				406.70	—6.10
450.00	397.50	Feb	413.00	413.00	413.00	410.90	—6.20
402.00	402.00	Apr				415.10	—6.30
Est. Sales 70,000		Prev. Sales 44,442					
Prev. Day Open Int. 156,957 off 1,475							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
93.13	90.41	Sep	92.61	92.93	92.56	92.89	+.23
92.98	90.50	Dec	92.84	93.16	92.81	93.10	+.21
93.07	90.75	Mar	92.94	93.25	92.94	93.25	+.23
93.07	91.10	Jun	92.96	92.96	92.96	93.09	+.17
92.90	91.28	Sep				93.01	+.17
Est. Sales		Prev. Sales 3,835					
Prev. Day Open Int. 20,506 up 950							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
99-16	89-13	Sep	98-11	98-29	98-4	98-25	+12
99-18	91-17	Dec	98-8	98-30	98-8	98-28	+11
98-9	95-17	Mar				98-31	+11
Est. Sales		Prev. Sales 22,064					
Prev. Day Open Int. 69,385 up 787							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
97-25	73-11	Jun	96-8	97-1	96-6	96-30	+20
97-25	72-26	Sep	96-20	97-24	96-20	97-19	+19
97-19	72-18	Dec	96-24	97-19	96-15	97-13	+19
97-8	72-1	Mar	96-16	97-11	96-8	97-6	+20
96-30	75	Jun				95-31	+18
96-24	79-1	Sep	96	96-25	95-29	96-22	+20
96-18	80	Dec	95-24	96-17	95-24	96-14	+19
95-17	79-21	Mar	96-4	96-9	96-4	96-6	+18
91-23	90-15	Sep				95-24	+18
93-7	88-18	Dec				95-17	+18
Est. Sales		Prev. Sales 341,699					
Prev. Day Open Int. 304,367 up 1,363							
MUNICIPAL BONDS (CBT) $1000x index- pts & 32nds of 100 pct							
95-16	77-6	Jun				92-29	+7
95-10	78-6	Sep	93-30	94-16	93-29	94-11	+6
94-17	81-10	Dec	93-16	94-2	93-16	93-28	+4
94-2	85-19	Mar	93-11	93-16	93-8	93-12	+7
92-26	91-15	Sep	92-20	92-20	92-17	92-17	+7
Est. Sales		Prev. Sales 3,185					
Prev. Day Open Int. 16,097 off 312							

Season High	Season Low		Open	High	Low	Close	Chg.
EURODOLLARS (IMM) $1 million- pts of 100 pct.							
91.92	88.70	Sep	91.23	91.52	91.23	91.49	+.16
91.76	88.84	Dec	91.43	91.69	91.36	91.64	+.15
91.73	88.40	Mar	91.56	91.81	91.56	91.77	+.13
91.63	88.82	Jun	91.47	91.70	91.47	91.67	+.14
91.56	88.74	Sep	91.40	91.62	91.40	91.59	+.14
91.43	89.85	Dec	91.25	91.43	91.25	91.43	+.12
91.42	89.96	Mar	91.27	91.41	91.23	91.42	+.10
91.36	89.91	Jun	91.26	91.37	91.23	91.37	+.09
91.36	90.04	Sep	91.23	91.34	91.20	91.34	+.08
91.32	90.04	Dec	91.19	91.29	91.17	91.28	+.07
91.35	90.09	Mar	91.20	91.32	91.20	91.31	+.07
91.33	91.22	Jun	91.21	91.30	91.19	91.28	+.06
91.26	91.02	Sep	91.18	91.25	91.17	91.24	+.05
91.23	91.04	Mar	91.20	91.20	91.14	91.20	+.04
Est. Sales		Prev. Sales 156,728					
Prev. Day Open Int. 454,814 up 10,492							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.7754	1.4750	Sep	1.5486	1.5520	1.5270	1.5280	—178
1.7400	1.4650	Dec	1.5316	1.5316	1.5120	1.5092	—178
1.5300	1.4600	Mar	1.5020	1.5020	1.4920	1.4920	—178
1.6750	1.4400	Jun	1.4870	1.4870	1.4870	1.4752	—178
Est. Sales		Prev. Sales 11,065					
Prev. Day Open Int. 20,610 off 1,008							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8396	.7940	Sep	.8313	.8323	.8308	.8319	+16
.8370	.7920	Dec	.8260	.8265	.8260	.8268	+16
.8270	.7890	Mar				.8227	+16
.8310	.8088	Jun	.8190	.8190	.8190	.8190	+16
.8200	.8107	Sep				.8156	+19
Est. Sales		Prev. Sales 2,224					
Prev. Day Open Int. 17,846 off 40							
FRENCH FRANC (IMM) $ per franc- 1 point equals $0.00001							
.16050	.14540	Sep	.15010	.15010	.15010	.15010	—35
.16105	.14540	Dec	.15000	.15000	.15000	.15000	—40
Est. Sales		Prev. Sales					
Prev. Day Open Int.							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.5977	.4910	Sep	.5175	.5188	.5116	.5126	—2
.5825	.4925	Dec	.5200	.5208	.5137	.5138	—13
.5270	.5008	Mar	.5215	.5215	.5170	.5164	—7
Est. Sales		Prev. Sales 21,241					
Prev. Day Open Int. 47,649 up 1,304							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.008580	.006652	Sep	.007095	.007100	.007017	.007027	—36
.008650	.006705	Dec	.007135	.007135	.007077	.007086	—36
.008338	.006780	Mar	.007205	.007205	.007140	.007142	—36
.007530	.007240	Jun	.007195	.007195	.007195	.007200	—35
Est. Sales		Prev. Sales 29,283					
Prev. Day Open Int. 43,779 off 297							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.7210	.5590	Sep	.6015	.6040	.5954	.5963	+7
.6350	.5740	Mar	.6070	.6070	.6010	.6014	—8
.6592	.5600	Dec	.6045	.6055	.5978	.5986	—3
Est. Sales		Prev. Sales 18,898					
Prev. Day Open Int. 25,503 up 1,093							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 150,000 bd. ft.- $ per 1,000 bd. ft.							
196.00	167.10	Jul	181.50	182.20	180.20	180.30	—1.30
194.70	175.10	Sep	185.30	186.70	184.20	184.50	—1.20
190.40	176.30	Nov	182.40	183.80	182.10	182.70	—.30
192.00	181.20	Jan	189.00	189.50	187.70	188.00	—.30
192.60	185.00	Mar	191.50	191.80	190.10	190.50	—.10
194.70	188.00	May	193.50	193.50	193.00	193.30	—.10
196.50	177.50	Jul	196.00	196.30	195.60	196.40	+.20
Est. Sales		Prev. Sales 782					
Prev. Day Open Int. 8,508 up 34							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
69.35	49.26	Jul	66.60	67.20	66.60	67.11	+.23
71.07	50.35	Oct	69.80	70.40	69.80	70.25	+.50
71.40	50.75	Dec	70.15	70.88	70.15	70.48	+.25
72.20	53.60	Mar	71.00	71.40	71.00	71.25	+.30
72.70	55.90	May	72.00	72.10	71.75	71.85	+.45
72.80	63.70	Jul	71.60	71.60	71.60	72.05	+.40
69.95	63.95	Oct	67.90	68.10	67.90	68.20	+.50
67.80	66.70	Dec	67.25	67.25	67.25	67.50	+.45
Est. Sales 4,500		Prev. Sales 4,160					
Prev. Day Open Int. 38,607 up 501							
HEATING OIL (NYME) 42,000 gal- cents per gal							
53.80	34.75	Jul	49.10	50.05	48.90	49.45	+.14
54.00	35.45	Aug	49.20	50.30	49.00	49.70	+.26
54.50	36.25	Sep	49.70	50.90	49.60	50.25	+.22
54.90	37.20	Oct	50.45	51.50	50.30	50.75	+.07
55.50	38.00	Nov	51.00	52.05	50.95	51.95	+.42
56.85	39.00	Dec	51.70	53.80	51.70	52.50	+.52
54.00	44.40	Jan	51.90	52.70	51.90	52.70	+.57
52.90	48.00	Feb	51.70	51.80	51.50	51.50	+.12
51.35	46.40	Mar	50.00	50.00	50.80	50.60	+.37
49.40	45.00	Apr	47.50	47.50	47.50	47.50	—.48
45.10	44.50	May	46.70	46.70	46.70	46.70	—.38
Est. Sales		Prev. Sales 24,636					
Prev. Day Open Int. 55,556 up 1,137							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
20.64	12.60	Aug	19.95	20.54	19.90	20.25	+.22
19.78	12.68	Sep	19.18	19.68	19.14	19.45	+.19
19.25	12.75	Oct	18.70	19.10	18.61	18.91	+.16
18.85	15.00	Nov	18.30	18.70	18.28	18.58	+.17
18.62	12.87	Dec	18.07	18.42	18.03	18.30	+.15
18.49	15.67	Jan	17.80	18.15	17.80	18.10	+.15
18.40	15.74	Feb	17.66	18.00	17.66	17.91	+.11
18.27	14.10	Mar	17.35	17.83	17.35	17.83	+.15
18.10	14.38	Apr	17.47	17.64	17.47	17.64	+.06
18.00	16.29	May	17.50	17.50	17.50	17.45	—.04
18.02	16.50	Jun	17.39	17.39	17.39	17.39	—.02
Est. Sales		Prev. Sales 78,954					
Prev. Day Open Int. 222,541 up 3,879							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
334.00	271.50	Sep	328.70	328.75	322.85	323.00	—6.40
338.00	298.90	Dec	332.75	332.75	326.85	327.00	—6.55
341.30	331.00	Mar	336.80	336.80	330.70	331.00	—6.55
Est. Sales		Prev. Sales 37,167					
Prev. Day Open Int. 188,824 up 882							
VALUE LINE (KCBT) points and cents							
295.00	264.20	Sep	291.40	291.40	286.80	287.00	—4.70
298.70	271.00	Dec	295.40	295.45	290.80	291.10	—4.65
302.00	290.00	Mar				295.10	—4.65
Est. Sales		Prev. Sales 136					
Prev. Day Open Int. 1,450 up 21							
NYSE COMP. INDEX (NYFE) points and cents							
186.25	153.00	Sep	183.40	183.45	180.00	180.15	—3.70
188.10	161.30	Dec	185.35	185.35	182.20	182.30	—3.80
190.85	178.20	Mar				184.45	—3.85
191.70	188.00	Jun	189.80	189.80	189.80	186.60	—3.90
Est. Sales		Prev. Sales 5,616					
Prev. Day Open Int. 5,817							

Commodity Indexes

	Close	Previous
Moody's	1,119.60 f	1,118.20 f
Reuters	2,025.50	2,019.80
D.J. Futures	131.00	131.86
Com. Research	232.87	234.63

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

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NYSE Highs-Lows

NEW HIGHS 43

AllstMunOpp, AmBarick, Aon cp, ArmWin, BancOne, BarclayBk pr, BosE 146prf, CenteriorEn, CentVtPS, Clicorp, Colum Gas, DukeP pfAA, DukeP pfG, Energen s, Fiat ADR n, FstIntrstA, GAT X Cp, IowaIll GE, JerCe 812pf, JerCe 788pf, KCPL 380pf, KC Sthn pf, LIL Co pfI, LIL Co pfS, LIL Co pfP, LongsDrug, MetE 812pf, MyersLE, NatPresto, NIM 340pf, NIM 360pf, NIM 525pf, OhEd 444pf, OhEd 456pf, OhEd 820pf, Phila Elec, PSEG 740pf, Rollins, Schlumbrg, SourceCap, TDK Cp, Transco pf, WillcxGb

NEW LOWS 26

viAlgin 219, AmRIEst, AudioVid, BarclayBk pr, CrossldSv pf, Deltona Cp, Donaldsn, EquitRE, Gemll In, GifRes pfB, HomeownSB, HomestdFn, IntgRs adl p, LVI Grp pf, Lyondell n, Magnatek n, Navstr wtB, Quantum, Radice wi, Rexene n, Schwitzr n, StdComCp s, StorageTch n, Wabaninc n, Webb Del, XTRAInc

AMEX Highs-Lows

NEW HIGHS 15

CdnOccl, CapitlHous n, CenSec prD, HouOilTr, ImperOil A g, Kerkhoff, NorcenEng s, NoCdnO g, Pantasote, PenEnM, PenRE, Recoint, RedLionInn, Sothebys wi, WorthenBk

NEW LOWS 14

BB RlEstInv, BioRad B, BioRad A, Blount A, BuffionCp, CarmelCont, CaspenOil pf, ClearChanl, ColorSyst, CompuDyne, HMG Court, viMacGregr, MetroRlty, PrmeFncl, SunshneJr, USP RE

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Currency Options

June 29

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Jul	Aug	Sep	Puts—Last Jul	Aug	Sep
50,000 Australian Dollars-cents per unit.							
ADollr	74	r	r	r	0.27	r	r
75.57	76	r	r	r	r	r	2.54
75.57	77	0.34	r	r	r	r	r
75.57	78	r	r	r	2.44	r	r
31,250 British Pounds-cents per unit.							
BPound	147½	r	r	r	r	r	1.25
154.56	157½	1.02	r	r	r	r	r
154.56	160	0.67	r	r	r	r	r
154.56	162½	0.24	r	r	r	r	r
50,000 Canadian Dollars-cents per unit.							
CDollr	83	r	0.77	r	0.11	r	r
62,500 West German Marks-cents per unit.							
[illegible]							

Total call vol. 19,977 Call open int. 478,463
Total put vol. 17,871 Put open int. 412,383
r—Not traded. s—No option offered.
Last is premium (purchase price).
Source: AP.

Floating-Rate Notes

June 29

Dollars

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

Deutsche Marks

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

Pounds Sterling

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

Japanese Yen

Issuer/Mat.	Coupon	Next	Bid	Askd
Cct 97 Yen	-	-	100.00	100.50
Cr Foncier Aug97 Yen	4⅞	30-08	100.10	100.60

E.C.U.

Issuer/Mat.	Coupon	Next	Bid	Askd
Belgium May 99	8.781	11-08	99.85	99.95
Roma 92 (Ecu)	8⅝	08-08	99.73	100.25
Cr Foncier 96 (Ecu)	8.8	18-07	98.87	100.12
Ireland 97 (Ecu)	9	30-10	99.50	100.00
Italy 92 Ecu	8⅛	-	99.95	100.15
Pocorp 19Sept 97 Ecu	9⅛	21-09	99.25	99.75
Stechbahn Perp Ecu	7⅝	-	94.00	96.00

Source : Credit Suisse-First Boston Ltd., London

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London Commodities

June 29

	Close Bid	Ask	High	Low	Previous Bid	Ask
SUGAR U.S. Dollars per metric ton						
Aug	310.80	311.00	311.00	306.60	304.00	304.40
Oct	311.60	311.80	312.00	304.00	303.00	303.40
Dec	297.20	300.00	298.00	298.80	288.40	291.00
Mar	294.80	295.20	296.00	288.00	288.20	288.80
May	292.40	293.20	291.00	291.00	285.60	286.80
Aug	287.20	290.00	N.T.	N.T.	280.20	281.60
Oct	279.80	280.00	280.00	280.00	273.60	274.00
Volume: 8,129 lots of 50 tons.						
COCOA Sterling per metric ton						
Jul	821	822	828	821	831	832
Sep	847	848	853	845	851	853
Dec	901	903	913	900	908	909
Mar	894	895	901	893	897	898
May	905	906	909	905	906	907
Jul	918	923	922	920	920	924
Sep	931	935	938	933	937	938
Volume: 6,247 lots of 10 tons.						
GASOIL U.S. dollars per metric ton						
Jul	143.25	143.75	143.25	140.75	142.75	143.00
Aug	144.00	144.25	144.25	141.75	143.50	143.75
Sep	145.25	145.50	145.50	143.00	144.50	144.75
Oct	146.75	147.25	147.00	145.00	146.50	146.75
Nov	148.50	149.00	149.00	147.00	148.50	148.75
Dec	150.00	150.25	150.25	148.75	150.00	150.25
Jan	151.00	152.00	N.T.	N.T.	151.00	151.25
Volume: 5,556 lots of 100 tons.						

Sources: Reuters and London Petroleum Exchange.

London Metals

June 29

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1850.00	1855.00	1830.00	1850.00
Forward	1810.00	1815.00	1795.00	1800.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1627.00	1630.00	1630.00	1633.00
Forward	1600.00	1602.00	1602.00	1604.00
LEAD Sterling per metric ton				
Spot	423.00	425.00	426.00	428.00
Forward	406.00	407.00	408.00	410.00
NICKEL Dollars per metric ton				
Spot	12100	12200	12050	12100
Forward	11175	11200	11100	11150
ZINC (High Grade) U.S. Dollars per metric ton				
Spot	1615.00	1620.00	1587.00	1589.00
Forward	1517.00	1520.00	1500.00	1505.00

Source: AP.

Spot Commodities

June 29

Commodity	Today	Prev.
Aluminum, lb	0.83	0.8475
Coffee, lb	1.12	1.14
Copper electrolytic, lb	1.2055	1.206
Iron FOB, ton	213.00	213.00
Lead, lb	0.39	0.39
Printcloth, yd	0.50	0.50
Silver, troy oz	5.20	5.29
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	115.00	115.00
Tin, lb	6.0105	6.0191
Zinc, lb	0.80	0.80

Source: AP.

U.S. Treasuries

June 29

	Discount Bid	Offer	Yield	Prev. Yield
3-month bill	7.92	7.94	8.22	8.32
6-month bill	7.72	7.74	8.17	8.23
1-year bill	7.66	7.68	8.27	8.36

	Bid	Offer	Yield	Prev. Yield
30-yr. bond	108 18/32	108 20/32	8.10	8.13

Source: Salomon Brothers.

S&P 100 Index Options

June 29

Strike Price	Calls-Last Jly	Aug	Sep	Oct	Puts-Last Jly	Aug	Sep	Oct
[illegible]								

Calls: total volume 118,615; total open int. 346,288
Puts: total volume 174,035; total open int. 352,235
S&P 100 index:
High 302.52 low 296.08 close 296.55 — 5.56
Source: CBOE.

Paris Commodities

June 29

	High	Low	Close Bid	Ask	Ch'ge
SUGAR French francs per metric ton					
Aug	2,940	2,880	2,880	2,890	— 80
Oct	2,595	2,540	2,580	2,600	+ 10
Dec	N.T.	N.T.	2,435	2,480	+ 5
Mar	2,350	N.T.	2,370	2,390	— 25
May	N.T.	N.T.	2,350	2,380	— 30
Aug	N.T.	N.T.	2,340	2,380	— 20
Est. vol: 1,654 lots of 50 tons. Prev. actual sales: 4,145 lots. Open interest: 15,877.					
COCOA French francs per 100 kg					
[illegible]					
Est. vol: 0 lots of 10 tons. Prev. actual sales: 0 lots. Open position : 4.					
COFFEE French francs per 100 kg					
[illegible]					
Est. vol: 5 lots of 5 tons. Prev. actual sales: 0 lots. Open position : 144.					

Source: Bourse de Commerce.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

June 29

Strike Price	Calls-Settle Jul	Aug	Sep	Puts-Settle Jul	Aug	Sep
49	2.29	2.43	2.56	0.03	0.19	0.33
50	1.36	1.62	1.83	0.10	0.37	0.59
51	0.60	0.98	1.24	0.34	0.72	1.52
52	0.18	0.55	0.79	0.92	0.72	0.98
53	0.05	0.28	0.47	1.79	2.01	2.19
54	0.02	0.13	0.28	2.76	2.84	2.98

Est. total vol.: 13,948
Calls: Wed. volume: 4,091; open int.: 53,838
Puts: Wed. volume: 4,289; open int.: 93,507
Source: CME.

Dutch Will Ease Investment Policy

Reuters

AMSTERDAM — The Netherlands plans to lift restrictions on banks and insurers that prohibit investment in each other's equity and limit cooperation with competitors abroad, Finance Minister Onno Ruding said Thursday.

The curbs, which have been in force for nine years, would be lifted at the end of the year.

Mr. Ruding said the change was partly a response to European Community plans to create a single market by 1992. Other EC nations allow closer relations between insurers and banks.

IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT

Dividends

June 29

Company	Per	Amt	Pay	Rec
DISTRIBUTION				
Franklin Optn Fund	—	.16½	7-14	7-3
INCREASED				
Bowl America cl-A	—	.14	8-2	7-12
Comcast Corp	Q	.04	9-28	9-
Great Bay Bkshrs	Q	.14	7-21	7-3
Northern States Pwr	Q	.55	7-20	7-10
SPECIAL				
SkyWest Inc	—	.09	7-28	7-14
STOCK				
Opticorp Inc	—	100%	9-8	8-8
STOCK SPLIT				
Spec's Music Inc — 4-for-3				
USUAL				
Amer Heritage life	Q	.10	7-21	7-10
Autoclave Engineer	Q	.05	7-17	7-6
Baltek Corp	S	.07½	7-21	7-10
Bay View Federal	Q	.15	7-28	7-14
Binks Mfg	Q	.25	7-31	7-17
Central Maine Pwr	Q	.38	7-31	7-10
Comm. Intertch	Q	.15	9-15	9-1
Community Bancorp	Q	.85	8-10	7-18
Fkln AGE Hi Income	M	.006	7-14	7-3
Fkln Calif Tx-Fr In	M	.043	7-14	7-3
Fkln Corprt Csh Pf	M	.15	7-14	7-3
Fkln Fedl Tx-Fr Inc	M	.071	7-14	7-3
Fkln Invstmt GtP	M	.066	7-14	7-3
Fkln NY TxFr-Ic Fd	M	.066	7-14	7-3
Fkln Risg Dv Fnd	Q	.090	7-14	7-3
Fkln US Gvt Scrt Fd	M	.058	7-14	7-3
Flexible Bond Trust	—	.08	7-21	7-7
Grove Bank of Svgs	—	.08	7-24	7-10
Gulf Canada Resrcs	Q	.10	10-1	8-31
Heritage Bancorp	—	.07½	7-26	7-10
Horizon Bank	—	.06	7-18	7-7
Kaman Corp	—	.11	7-24	7-10
Lincoln Savings Bk	Q	.12	7-14	7-7
Manor Care Inc	Q	.033	8-25	8-11
Puerto Rican Cemt	Q	.16¼	8-18	7-20
Quaker Chemical	Q	.15	7-30	7-14
Raytheon Co	Q	.35	7-31	7-7
Rchstr Com Svg Bk	Q	.11	7-25	7-10
Rockingham Bcrp	Q	.04	7-26	7-12
Scotty's Inc	Q	.13	8-1	7-12
Union Camp Corp	Q	.13	9-13	9-1
Washington Gas Lt	Q	.49	8-1	7-10
Washington Gas Lt	Q	.49	8-1	7-10

a-annual; m-monthly; q-quarterly; s-semi-annual
Source: UPI.

Share Issue by Havas To Raise $239 Million

Reuters

PARIS — Agence Havas, the media and advertising group, said Thursday it is raising 1.58 billion francs ($239.4 million) in new capital through an issue of shares with share warrants attached.

A statement said these would be issued at 1,000 francs each, with the exercise price of the warrant set at 1,100.

Integrated Details Refinancing Plan

Drexel Tentatively Agrees to Place $300 Million in Notes

Compiled by Our Staff From Dispatches

NEW YORK — Drexel Burnham Lambert Inc. tentatively agreed on Thursday to raise $300 million to help Integrated Resources Inc. refinance $955 million in bad debts and maintain its national insurance and real estate sales network.

Integrated Resources, which sells insurance policies, mutual funds, and real estate limited partnerships, also announced it was suspending dividend payments on its preferred stock.

An announcement by Integrated said that Drexel was confident that it could raise $200 million of the first-mortgage notes through private sources.

Drexel said it would buy the remaining $100 million of the first-mortgage notes. The notes are to be secured by a first lien on all the company's assets.

Integrated said it would use 90 percent of the proceeds from the first-mortgage notes to pay off a portion of the outstanding short-term debt it defaulted on earlier this month.

The company previously said it was not able to pay $955 million in short-term debt.

–Total company debt is approximately $1.7 billion.

Integrated debts include $373 million in commercial paper and loan shares due within 45 days. The debt payments amount to about $8 million a day.

"We have carefully balanced the needs of all our creditors, debt and stockholders so that we can move forward on resolving our short-term debt issues promptl, and to regain the confidence of the financial community," Integrated's chief executive, Arthur Goldberg, said in a statement.

Integrated plans to offer a package of new notes, preferred stock and common stock in payment of its debt as part of its restructuring plan, the announcement said.

Integrated's stock was down 25 cents, to $4.25, at the close of the New York Stock Exchange. It sold at $6 a share last week and for more than $15 before the crisis became apparent.

Drexel was a key player in financing Integrated's growth to sales of $1.7 billion annually in financial services.

Over the past 30 months, Integrated has moved away from its former main business of tax shelters because changes in the law reduced the profitability of those investments.

Integrated last week said it would concentrate on using its network of 4,500 salesmen to sell its financial services and it would divest its remaining interests in tax-sheltered annuities.

Mr. Goldberg, has described the company's troubles as "current short-term financing issues."

Integrated executives met with bankers in New York last week in a vain effort to get approval for the earlier refinancing plan. The banks included Mellon, Chemical Bank and Manufacturers Hanover.

Moody's Investors Service, which had rated the company as "noninvestment grade," downgraded it further when Integrated announced that it would not be able to pay off its short-terms debts.

On Wednesday, Value Line Inc. said it would buy all of the commercial paper issued by Integrated that is held in its money market fund.

Value Line said it had received regulatory approval to acquire the entire holding of Integrated paper, which it said represents about 3.8 percent of the fund's total assets.

(UPI, AP)

Swiss Bank Restructuring To Terminate Most Equity Market-Making in London

Reuters

LONDON — Swiss Bank Corp. on Thursday announced a reorganization of its worldwide securities business and plans to cease most of its equity market-making activities in London.

Swiss Bank said that after the reorganization, which will mean about 90 job losses in London, its securities unit will focus on proprietary trading in British and European stocks and on corporate finance activities.

A Swiss Bank executive said the withdrawal for most London market-making followed trading losses of about £19 million ($29.6 million) since the start of the year.

The bank said corporate finance activities would be strengthened by establishing operating units in all major European Community countries. It said it has recently created a new Italian unit through the purchase of 70 percent of the Milan-based corporate finance firm M & A Societa.

Swiss Bank said it has also created two companies in Spain, which would begin operations shortly. One would have 250 million pesetas ($2.0 million) in capital and be responsible for mergers and acquisitions. The other would have a capital of 1.05 billion pesetas and would be responsible for equities underwriting, distribution and proprietary trading.

It said these new moves in Italy and Spain would complement its existing European corporate finance operations in Paris, London and Frankfurt.

Outside Europe, Swiss Bank said it was planning to develop a corporate finance group in New York to work with European units.

In Japan, it plans to offer a corporate advisory service focused on Europe to complement its activities in Switzerland providing debt and equity-linked offerings for the Japanese corporate sector.

Swiss Bank said that, in addition to its withdrawal from most market-making, the job cuts stem from plans combine distribution and trading of foreign-exchange and interest-rate products in London into a single treasury and fixed-income securities unit.

Responsibility for Dutch- and German-currency debt will also be transferred to Amsterdam and Frankfurt from London.

In the Far East, activities in non-Japanese Eurobond and money market trading and sales have been moved to Singapore from Tokyo.

The bank said U.S. Treasury securities dealing activities have been transferred to a separately incorporated subsidiary to comply with U.S. Federal Reserve Board regulations.

International capital markets business outside Switzerland will be run from London, including new primary issues in debt and equity as well as the risk management of fixed-income products. London will also be the base for the non-Swiss European equities business.

In April, Swiss Bank said its overall first-quarter results were lower than a year earlier. It gave no profit figures, but said it was confident 1989 budget targets could be achieved. The company made a net profit of 675.1 million Swiss francs ($401.1 million) in all of 1988.

Générale Conclusions Premature

Agence France-Presse

PARIS — Pierre Bérégovoy, the French finance minister, said Thursday it would be premature to draw any conclusions about possible misconduct in the recent abortive raid on Société Générale until the stockmarket watchdog commission issues its report.

At a press conference Thursday, Mr. Bérégovoy said: "As long as there is no report, any conclusions would be premature."

There have been suspicions of insider trading in the affair.

In connection with the fact that his former chief of chief, Jean-Charles Naouri, head of the Euris investment group, had been questioned about the raid, Mr. Bérégovoy said he believed his former aide to be sincere in his explanations of his purchase and sales of Société Générale. Mr. Naouri acknowledged making such transactions last summer.

"Buying and selling are not enough to make one guilty of any offense whatsoever," Mr. Bérégovoy said. "Mr. Naouri has given explanations. I know him well enough to know that he is perfectly sincere."

The report being drawn up by the Stockmarket Operations Commission on the Société Générale raid will probably be completed around July 11, sources said.

Mr. Bérégovoy told reporters Thursday that he had telephoned the COB chairman Jean Farge, who said he did not yet have the report.

As to possible publication of the report, Mr. Bérégovoy said "The COB is independent."

In the raid on Société Générale, which began last year, an investor group headed by Georges Pébéreau amassed a 10.36 percent stake in the bank.

Mr. Pébéreau's group was backed by Caisse des Dépôts & Consignations, the state-owned savings institution. The raid led opponents of the Socialist government to charge that the move was behind-the-scenes effort by the government to take control of the bank.

HACHETTE

CHAIRMAN'S MESSAGE

The Hachette Group underwent a radical change of dimension in 1988. We went from being a large European media company to a major global media and entertainment organization. This crucial, strategic leap forward resulted from our acquisitions of Crolier and Diamandis in the United States and Salvat in Spain. Within a short space of time, Hachette has thus become a leading communications and entertainment corporation in three of the world's most important languages: French, English and Spanish.

Almost half of our F.Fr. 24.4 billion sales are generated outside France. The 42% increase in sales in 1988 propelled Hachette into the select group of communications companies with annual revenues in excess of U.S. $4 billion. At the same time, 1988 net earnings, excluding capital gains, increased 28.4%. Operating income more than doubled, following the inclusion of the U.S. operations, as did our net assets. We employ 28,500 people in 39 countries.

Being one of the world's leading multimedia communications groups brings challenges and responsibilities as well as successes. We have to consistently meet the cultural demands of market of one billion people with unfailing dedication for quality and creativity. And we have to be imaginative and innovative as we unlock valuable synergies within the Group, continually broadening our already diverse product ranges from novels to encyclopedias, magazines and daily newspapers to broadcasting, from wholesale distribution to retailing products that entertain and inform, and adapting them worldwide.

As Hachette strives to achieve its objectives, we are constantly seeking to maintain our reputation for strong financial management. First and foremost, this entails sound control over internal expenses and external acquisitions: a key goal in 1989 will be to show that the acquisitions we made last year have been smoothly integrated into the Group and that the strategic and financial rationale for those acquisitions was sound.

But preparing for the future, consolidating and building on our worldwide positions must also remain our paramount concern. Clearly, there can be no question of turning our backs on our home market: France and the French language. This means that we must constantly remain ahead of the trends across all media categories at home, and that we must retain the financial capabilities necessary to take up both national and international opportunities.

Over the past few years, the "communications" industry, with its worldwide scope, has come to occupy a position as important as some of the more traditionally preeminent industries. Concentration and acquisitions are probably occuring with greater frequency in this than in any other sector of the global economy. New restructuring operations are announced practically by the week. The Hachette Group is safe from hostile takeover, but it must on the other hand remain alert with the resources to seize opportunities. That is the challenge before us for 1989 and the beyond. We stand ready to meet it.

JEAN-LUC LAGARDÈRE

Group share in consolidated net income for 1988 amounted to F.Fr. 327.2 million. During the shareholders' general meeting held on June 20, 1989 it was decided that a net dividend of F.Fr. 3.30 per share, which will give right to a tax credit of F.Fr. 1.65, would be paid on July 6, 1989.

Paramount Adds Financing for Time Bid

United Press International

NEW YORK — Paramount Communications Inc. said Thursday that seven banks, including two Japanese institutions, had agreed to provide $7 billion of senior debt financing for Paramount's $12.3 billion tender offer for Time Inc.

Citibank, the lead backer of Paramount's $200-a-share cash offer, previously agreed to provide $1 billion in senior debt financing. The other seven banks that agreed to back Paramount will also put up $1 billion each in senior debt, bringing the total financing arranged from banks to $8 billion.

The partial bank syndicate includes Bank of America, Bank of Nova Scotia, Chase Manhattan Bank, Long-Term Credit Bank of Japan Ltd., Security Pacific Bank, Sumitomo Bank Ltd. and Toronto Dominion Bank.

"The bank syndicate, which will provide nearly 90 percent of our total financing, now has its foundation in place," said Martin S. Davis, chairman and chief executive officer of Paramount.

Paramount said it still needs $6 billion in financing commitments to complete the syndicate.

The complete bank syndicate will provide a total of $14 billion in senior debt financing. Morgan Stanley & Co. previously agreed to arrange the placement of an additional $1.6 billion in subordinated securities.

Paramount said it needs a total of $15.6 billion to finance a takeover of Time, including almost $12.3 billion to purchase the approximately 61 million Time shares outstanding and $3.4 billion to refinance existing Time and Paramount debt and pay expenses related to an acquisition.

Time said it had no comment on the financing arrangements.

Paramount was the second-most-active issue Thursday on the New York Stock Exchange, off $2 a share, to $60.875. Time fell $2.25, to $155. Warner slipped 75 cents, to $60.

Koito Again Rebuffs Pickens's Request for Seats on Board

Compiled by Our Staff From Dispatches

TOKYO — Koito Manufacturing Ltd. rebuffed T. Boone Pickens Jr. on Thursday for the second time as he continued to seek representation on its board, but the U.S. investor vowed to keep fighting.

At Koito's annual meeting, Mr. Pickens, who is the automotive-light maker's largest shareholder, attacked Japanese corporate culture and warned of increasing U.S. anger at the closed nature of Japan's business establishment.

"Do you treat all owners this way?" the corporate raider asked Koito's managers. "Or just American shareholders?"

Mr. Pickens, who acquired 20.2 percent of Koito in March, asked the company to accept an earlier request to appoint three directors to the board. He has suggested that the company is poorly run and overly dependent on Toyota Motor Co., its second-biggest shareholder and largest customer.

But amid heckling and hoots of derision from other investors, Mr. Pickens's demand for representation was rejected on the basis that his merchant bank, Boone Co., failed to clearly explain its purchase of the Koito stake from Azabu Motor Co. The merchant bank is said to have acquired the shares for an estimated $800 million under a special arrangement.

Mr. Pickens acknowledged after the meeting that he did not pay cash for the shares.

"But I don't see any reason to explain what kind of financial arrangement I have when I buy something," he said.

Mr. Pickens said he would continue his campaign after Sept. 30. Japanese law allows those holding at least 10 percent of a company for six months to call extraordinary general meetings.

The meeting was repeatedly interrupted by catcalls and lengthy questions from *sokaiya*, the professional racketeers who police say are tied to the underworld.

The sokaiya did not openly take sides in the battle over shareholder rights and were given short shrift by Koito's president, Takao Matsuura, who chaired the meeting.

(Reuters, AFP)

ANGOLA: *Economy Could Explode if Peace Is Made*

(Continued from first finance page)

can oil companies coming down" to determine whether they should enter the market. "It's a very promising place, what you would call a world-class oil play. The Angolans keep to their contracts."

The executive, who asked not to be named, said Angola would make a major presentation in London next month of five offshore blocks along its southern coastline.

With peace, the Angolan government theoretically will be able to slash its expenditure on Soviet arms and shift the allocation of oil revenue to the purchase of raw materials and capital and consumer goods.

But, beyond that, it will need to lobby hard for foreign investment, economists said.

They emphasized that there would be no rush into Angola by foreign companies. Overseas concerns would need assurances not only on the stabilization of the political and security environment, but also on the stability of the kwanza, Angola's national currency.

The kwanza officially trades at 29 to the U.S. dollar. But on the black market, the U.S. unit fetches as much as 2,500 kwanza.

"The World Bank will need to be brought in to stabilize the kwanza," said an American who works in Angola. "Foreign companies have to be able to generate hard currency."

There are signs that Angola's 1987 application for membership to the International Monetary Fund and World Bank will be accepted by the IMF's board of governors within six weeks, according to a well-placed source in Washington. The United States remains opposed, on the record, to Angola's bid, but it has not actively blocked the IMF's executive board from recommending to the agency's governors that Angola be accepted.

One Angola watcher in a Washington-based research institute said that "without IMF backing, Western banks would be reluctant to extend new finance" to any new Luanda government. Angola's external debt to Western institutions is believed to be just over $2 billion, with a further $2 billion owed to the Eastern bloc.

In the meantime, the Angolan government has been making bold changes, at least on paper, in its domestic economic policy that are aimed at luring foreign capital.

In a recently approved foreign investment law, the government set down several guarantees, including the transfer abroad of net profit, the repatriation of capital, compensation in the event of nationalization, and case-by-case reduction in income tax and other duties.

The government also announced about 18 months ago a move toward decentralizing the economy and dismantling of large state-owned enterprises.

One area where there is already evidence of keen investment interest is the rich diamond sector of the Angolan economy. Angola commands one of the world's largest reserves of gem-quality diamonds. The domestic diamond industry generated $180 million in foreign earnings last year, and some observers predicted that figure would increase ninefold by the mid-1990s.

Unlike the offshore oil industry, which escaped relatively unscathed during the civil strife, the diamond mining business was badly crippled by UNITA raids on several major mines in early 1986. That year, annual diamond production dropped to 266,000 carats from 714,000 a year earlier. In the prewar period, Angola was generating about 2 million carats a year. Current production is back up to an annual 900,000 carats due to the reopening of the huge Cuango mine.

On May 31, the giant South African-based De Beers Consolidated Mines Ltd., announced an agreement with Endiama, the Angolan government-owned diamond company. The pact will lead to Angola's marketing a "significant portion" of its output through De Beers's Central Selling Organization in London beginning early next year. For the past two years, Angola had been marketing its diamonds via independent dealers in Europe.

Perhaps more significant is the announcement by De Beers that the company has begun technical studies with a view toward establishing a joint-venture with Endiama in mining several deep-earth "kimberlite pipes" of diamonds. The Angolan pipes are believed to be among the world's five richest deposits of embedded diamonds.

De Beers executives said they were encouraged by the cease-fire and prospects of peace talks in Angola. Analysts said De Beers could be considering a $400 million investment in the Angolan kimberlite mines.

Mark Wood, a mining analyst with Kleinwort Benson Securities in London, said that "a number of clients," have expressed serious interest in Angolan diamond investment if stability is returned.

The countries most likely to seize the initiative in the wake of any peace settlement in Angola would likely be Brazil and Portugal, currently the chief trading partners with the Luanda government.

Brazilian engineering companies built and now operate one of Angola's biggest hydroelectric dams, a 450,000 megawatt facility on the Kwanza river.

For all prospective investors, however, any move toward Angola will be cautious.

"The crucial thing at the moment is the political question," said Mr. Young, referring to the chances for a long-term peace. "I am always very skeptical about these things."

"A lot depends on what the American attitude towards Angola and UNITA is. If the Americans are prepared to live with a Mozambique-type government — one that uses Marxist language but in effect practices the opposite policy — and throws its weight behind the agreement, it will work."

NOTICE OF INVITATION TO TENDER FOR ENHANCEMENT OF INTERNATIONAL SERVICES FOR EMPRESA PÚBLICA DE TELECOMUNICAÇÕES (EPTEL) OF THE PEOPLES REPUBLIC OF ANGOLA

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Tender documents will be available from 3rd July 1989 at:

Angola Project Office – Room A116, British Telconsult
Aeradio House, Hayes Road, Southall, Middlesex UB2 5NJ
Tel: + 44 1 843 2411. Telex: 24114 (BTIAL G). Fax: + 44 1 571 7244

The tender documents will only be made available to official tenderers' representatives in possession of an official company letter upon full identification of the potential tenderer and presentation of a payment of £100 in sterling for Item No. 1 and £200 in sterling for Item No. 2, payable by bankers draft in favour of British Telconsult.

Tenders must be delivered as directed in the Invitation to Tender. Documents to arrive not later than Midday on the 3rd October 1989. Tenderers will be notified in writing or by telex of the place, date and time of the opening of tenders.

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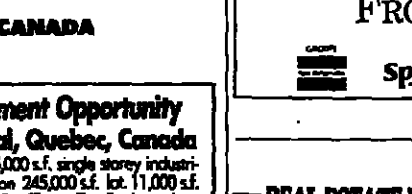

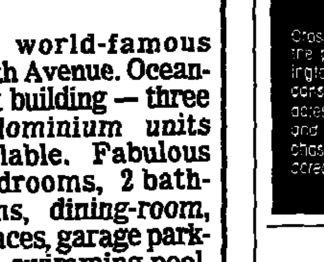

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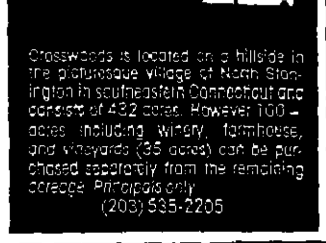

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RATES: *Bundesbank Move Sparks Increase In European Interest Rates*

(Continued from first finance page)
West German money market rates.

Analysts and dealers had generally been expecting the Bundesbank to move rates higher but many were surprised the move came so soon.

"The move was not surprising but the timing was," said Brendan Brown, chief research analyst at Mitsubishi Finance International in London. "I thought it would have been more likely a month from now."

"It was surprising since German inflation had come down, money supply growth has been decelerating and the dollar has fallen substantially," said Paul Chertkow, chief international economist with Drexel Burnham Lambert Inc. in London. "This means that it was clearly a preemptive move."

Analysts also said that the concerted rate increase raise speculation that Britain, which did not participate in the move, might be pressured to raise its already high rates once again.

Japan denied that it would rate interest rates while some analysts noted that the U.S. Federal Reserve Board might consider a rate increase at the scheduled meeting of its policy-making Federal Open Market Committee next week.

Other analysts countered that the U.S. economy faces less inflationary dangers because growth has begun to slow significantly and thus is not likely to be affected by the European round of rate increases.

West German inflation would seem to be similarly unthreatened. The government reported preliminary inflation figures for June on Wednesday showing that inflation slowed to an annual rate of 2.9 percent this month from 3.1 percent in May, the first drop in the rate for eight months.

Declines in oil prices have relieved pressure, and the growth of the money supply has slowed to conform with the desired level of about 5 percent.

"There was not any real incentive to do this in the short term, but there may be difficulties in the middle term with the economy so strong and with important labor negotiations coming up," said Ulrich Hombrecher, senior economist at Westdeutsche Landesbank in Düsseldorf.

Helmut Haussmann, the German economics minister, said Thursday that industrial capacity is at the highest level in years while capital goods investment has reached the boom levels of the early 1970s.

Among the other countries taking action, the French move was widely expected since it is running a large trade gap with West Germany and cannot easily afford a major drop in the franc against the mark.

Pierre Bérégovoy, the French finance minister, gave a strong hint about possible action early Thursday when he said that France would raise rates if the Bundesbank did so.

Switzerland also attracted attention because it raised its discount rate by a full point, to 5.5 percent, in contrast to the more limited moves by other central banks.

"The Swiss are having more serious problems with inflation in relative terms and they had to make a decisive move," said Stephen King, international economist with James Capel & Co.

■ Thatcher Fears 'Axis'

Prime Minister Margaret Thatcher of Britain, defending her rejection of a single currency and central bank for the European Community, said Thursday other countries objected to domination by a "kind of German-French axis," the Associated Press reported from London.

Reporting to Parliament on this week's EC summit in Madrid, Mrs. Thatcher denied opposition charges that Britain was isolated.

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June 29, 1989

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(w) Equity	$	957.48
(w) Bond	$	967.45
ALPHA ASSET MANAGEMENT LTD.		
(m) Alpha Global Fund	$	605.29
(w) Nicholas-Applegate Aurelia	$	129.29
BANK JULIUS BAER & CO. Ltd.		
(d) Baerbond	SF	949.00
(d) Conbar	SF	1822.00
(d) Equibaer America	$	1457.00
(d) Equibaer Europe	SF	1585.00*
(d) Equibaer Pacific	SF	1625.00*
(d) Stockbar	SF	2197.00
(d) SFR-BAER	SF	983.00*
(d) Swissbar	SF	2489.00
BAII MULTICURRENCY		
(r) Multicurrency US$	$	1,296.63
(r) Multicurrency Ecu	ECU	1,157.96
(r) Multicurrency Yen	Y	244,776.00
(r) Multicurrency FFR	FF	11,414.17
BNP INTERFUNDS		
(w) Interbond Fund	$	188.64
(w) Intercurrency US$	$	10.70
(w) Intercurrency DM	DM	30.38
(w) Intercurrency Sterling	£	10.50
(w) Intercurrency Managed	$	18.54
(w) Interequity French Offer	$	13.77
(w) Interequity Pacific Offer	$	18.36
(w) Interequity N. Amer. Offer	$	12.44
(w) Interequity European Class	$	8.91
(w) Interequity Australia Cls	$	9.87
(w) Interlux Capital Belgian	LF	57,080.00
(w) Interlux Cap.Fr Securite	FF	11,369.68
(w) Interlux Capital FFr	FF	13,283.80
(w) Interlux Cap.France Cap.	FF	11,084.21
(w) Interlux Cap. LUF/BEF	LF	148,376.00
(w) Interlux Capital ECU	ECU	1,263.28
BANQUE BELGE ASSET MGMT FUND		
Share Distributor Guernsey 0481 26614		
(w) Int'l Equity Fund (Sicav)	$	11.43
(w) Int'l Bond Fund (Sicav)	$	10.01
BANQUE INDOSUEZ		
(w) Asian Growth Fund	$	28.90
(w) Asian Income Fund	$	9.17*
(w) Diverbond	SF	84.95
(w) FIF-Internat. Div.A	$	17.82
(w) FIF-Internat. Div.B	$	18.53
(w) FIF Internat.America	$	15.74
(w) FIF Internat.Pacific	$	42.12
(w) FIF Internat.Europe	$	27.47
(w) FIF Internat.Japan	Y	1,202.80
(w) FIF Int. Nat. Res. A	$	10.87
(w) FIF Int. Nat. Res. B	$	10.87
(w) France Blue chips No 1	FF	115,063.83
(w) Indosuez Multibonds Div.A	$	132.05
(w) Indosuez Multibonds Div.B	$	276.96
(w) France International	FF	101.47
(w) Indosuez Multibonds US$	$	109.28
(w) Indosuez Multibonds YEN	$	9,888.00
(w) Indosuez Multibonds DM	$	103.45
(w) IPNA-3	$	1120.00
(w) Malacca Fund	$	10.86
(w) The Siam Fund	$	17.34
(w) Pacific Gold Fund	$	12.25
BANQUE PRIVEE E. DE ROTHSCHILD		
(w) Daiwa Lcf Equity	$	1015.41
(w) Daiwa Lcf Int. Bond	$	1081.00
(w) Ecu D'Or	ECU	97.71
(w) Hispano Int'l Fund	ECU	10.07
(b) Pri-Tech	$	1146.57
(b) Source Sicav	$	10.93
BANQUE E. DE ROTHSCHILD LUX. SA		
(b) Cursitor BP Fixed Inc.Fund	DM	125.87
(b) Cursitor BP General Fund	DM	150.03
(b) Eagle Fund	LF	10450.80
(d) Europe Japan Fund	$	10.80
(b) Governm. Sec. Funds	$	74.68
(w) Leicom	$	2581.11
(b) Opportunities Fund	$	806.04
(b) Prifirst	$	503.98
(b) Priirop fund	DM	48.80
(w) Rente Plus	BF	59298.00
(l) Select. Horizon Dev.	FF	52919.42
(l) Select. Horizon FF	FF	56174.82
(b) Star Conv.Fund FL	FL	9769.00
(b) Star Conv.Fund USD	$	97.88
BANQUE SCANDINAVE EN SUISSE-GENEVA		
(w) BSS Bond Fund	SF	82.77*
(w) BSS Intelsec	SF	1824.83
(w) BSS Int'l Bond	$	1.185*
(w) BSS Int'l Equity	$	2.18*
B.F.A.C.M.		
(w) Ecu Multiplacement	ECU	1170.86
BROADGATE INTERNATIONAL FUND		
(d) $ Money Market	$	12.53
(d) Non-$ Money Market	DM	20.06
(w) $ Bond	$	14.61
(w) Non-$ Bond	DM	31.31
(w) Global Equity	$	15.78
(w) Global Bond	$	13.03
(w) Global Bond & Equity	$	13.76
(w) Prec. Mets/Min. Secs	$	6.46
B.W. MANAGED ASSETS CY. SICAV		
(l) Global Bond Fund	ECU	11.00
(l) European Equities Fund	ECU	12.70
(l) French Securities Fund	FF	123.25
(l) North American Secu.Fund	$	10.98
(l) Pacific Basin Secu. Fund	$	9.37
CAISSE CENTRALE DES BANQUES POP.		
(d) Fructilux-Obl.FSES	$	5,640.64
(d) Fructilux-Obl.Euro	ECU	1,048.09
(d) Fructilux-Act.Fses	FF	7,162.19
(d) Fructilux-Act.Euro	ECU	1,205.24
(d) Fructilux-Tresorier	FF	5,636.22
CALLANDER		
(w) Callander Emer. Gr.	$	114.15
(w) Callander Fund-Asset	$	106.05
(w) Callander Fund-Span.	Ptas	18,589
CAPITAL INTERNATIONAL		
(w) Capital Int'l Fund	$	89.10*
(w) Capital Italia SA	$	34.46
CDC INTERNATIONAL		
(w) CFI Court Terme	FF	115158.39
(w) CFI Long Terme	FF	1140727.14
CIC GROUP		
(d) Obicic Monetaire	FF	11225.49
(d) Obicic Court Terme	FF	11573.78
CITICORP INVESTMENT BANK (Lux.)		
POB 1373 Luxembourg Tel. 477.95.71		
(d) Citicur USD Portfolios	$	1280.35
(d) Citinvest Ecu Income	ECU	1297.83
(d) Citinvest Manag. Growth	$	1147.66
(d) Cit.Mana.Growth Euro	ECU	1032.31
(d) Citinvest Profit Sharing	$	
(d) Citinvest Selector	$	166.00
(d) Citinvest Guardian $	$	1042.13
(d) Citinvest Guard. Euro	ECU	1063.43
(d) Citiport N.A Equity	$	125.38
(d) Citiport Jap. Equity	Yen	10798.00
(d) Citiport UK Equity	£	119.20
(d) Citiport S.Asian Eq.	$	120.44
(d) Citiport Cont.Euro. Eq.	ECU	129.89
(d) Citiport N.A.$ Bond	$	109.50
(d) Citiport Euro Bond	ECU	102.11
(d) Citiport AS.Pac.Bd.	YEN	10554.00
CITITRUST		
(w) US $ Equities	$	214.92543
(w) US $ Bonds	$	11.89244
(w) US $ Money Market	$	12.30145
(w) Global Equities	$	9.47
(w) Global Money Market	$	11.31
(w) Global Bonds	$	11.21
CCF - GAMMA		
(w) CM Inv.Ser.Fds-Actibonds	$	34.95
(w) CM Inv.Ser.Fds-Glbl.Grth	$	10.91
(w) CM North Amer Grth	$	9.09
(w) Elysees Court Terme	FF	57,798.29
(w) Elysees Long Terme	FF	54,572.86
(w) Elysees Monetaire	FF	58,756.71
(w) Elysees Multibonds Funds	£	106.74
(w) EMF D-Mark (A&B)	DM	1,809.27
(w) EMF Ecu (A & B)	ECU	1,824.02
(w) EMF US Dollar (A & B)	$	1,074.88
(w) EMF Yen (A & B)	YEN	100,177.00
(d) Europe Prestige Fund A	ECU	10.49
(d) Europe Prestige Fund B	ECU	11.26
(w) European Smir Cos. Fd.A	ecu	13.35
(w) European Smir Comp.Fd.B	ecu	13.35
CODEVALOR SICAV		
(w) C.Rendement Fr.Suisse	SF	1987.53
(w) C.Rendement US$	$	1404.74
(w) C.Croissance Dollar	$	1487.39
(w) C.Croissance Zone Sterling	£	964.86
(w) C.Croissance Fr.Suisse	SF	
COMPASS INTL HOLDINGS Ltd.		
POB 455, Jersey 0534 27267		
(w) Bond:Dollar Medium Term	$	10.92
(w) Bond:Ecu Multicurrency	ECU	10.38
(w) Equity:United Kingdom	£	11.29
CREDIT SUISSE (ISSUE PRICES)		
(d) CSF Bonds	SF	81.75
(d) Bond Valor Swf	SF	104.25
(d) Bond Valor US-DOLLAR	$	122.30
(d) Bond Valor D-mark	DM	112.95
(d) Bond Valor Yen	Y	10,942.00
(d) Bond Valor £ Sterling	£	98.78
(d) Convert Valor Swf	SF	157.45
(d) Convert Valor US-DOLLR	$	173.80
(d) CSF International	SF	138.00
(d) Actions Suisses	SF	594.75
(d) Europa-Valor	SF	219.25
(d) Energie-Valor	SF	165.00
(d) Canasec	SF	661.00
(d) Ussec	SF	791.00
(d) Pacific-Valor	SF	229.25
(d) CS Gold Valor	$	149.81
(d) CS Ecu Bond A	ECU	101.62
(d) CS Ecu Bond B	ECU	116.43
(d) CS Europa Bond 'A'	DM	249.32
(d) CS Europa Bond 'B'	DM	249.32
(d) CS Gulden Bond A	FL	99.66
(d) CS Gulden Bond B	FL	118.84
(d) CS Prime Bond 'A'	DM	97.67
(d) CS Prime Bond 'B'	DM	103.22
(d) CS Short-T. Bd DM A	DM	100.06
(d) CS Short-T. Bd DM B	DM	118.49
(d) CS Short-T. Bd $ A	$	100.59
(d) CS Short-T. Bd $ B	$	113.79
(d) CS Money Market Fund	$	1401.31
(d) CS Money Market Fund	DM	1219.14
(d) CS Money Market Fund	£	1467.41
(d) CS Money Market Fd Yen	Y	114,930.00
DIT INVESTMENT FFM		
+(d) Concentra	DM	41.52
+(d) Int'l Rentenfond	DM	80.38
DREXEL BURNHAM LAMBERT INC		
Winchester House, 77 London Wall		
LONDON EC2 (01 9209797)		
(w) Finsbury Group Ltd	$	144.44
(w) Winchester Capital	$	105.74
(w) Winchester Holdings	FF	141.76
(w) Winchester Holdings	£	14.78
(w) Winc.Holdings Ltd.E.B.S	ECU	1169.31
(w) Winc.Reserves.E.B.S	ECU	1122.89
(w) Winc.Reserv.MultiGvBd.	ECU	11.48
(w) Worldwide Securities	$	38.35
(w) Worldwide Special	$	771.85
(m) Winch Fut.Diversified	$	20.46
(m) Winch Fut.Orion Series	$	21.61
(m) Winchester Frontier	$	176.22
(m) Winchester Recovery Ltd	$	91.50
EBC TRUST CO.(JERSEY) LTD.		
1-3 Sele St.,St. Helier,0534-36331		
EBC AMRO TRADED CURRENCY FUND.		
@(d)Inc.: Bid $ 13.37 Offer	$	13.781
@(d)Cap.: Bid $ 19.07 Offer	$	19.632
INTERNATIONAL INCOME FUND		
(d) Short Term 'A' (Accum)	$	1.1148
(d) Short Term 'A' (Distr)	$	0.7243
(d) Short Term 'B' (Accum)	$	1.2554
(d) Short Term 'B' (Distr)	$	0.9648
(w) Long Term	$	29.7355
ELDERS SECURITIES INC.		
W. Rotter, (212) 573-0440		
(d) EFF	$	342.90
(d) ESP	$	160.94
(d) EMR	$	101.46
ELDERS SWITZ.(038) 24 79 77		
(w)Elders Int Bid SF 104.50 Offer	SF	110.75
(w)Elders Aus Bid A$ 90.50 Offer	A$	95.75
EQUIFLEX LIMITED		
(w) Europe A	FL	11.44
(w) Global A	FL	12.22
(w) North America A	FL	10.88
(w) UK Equities	£	10.65
(w) UK Small Co.	£	10.46
EURO PACIFIC ADVISERS Ltd.		
(w) Comete	$	763.13
(w) Meteore	Y	120,328.00
(w) Pacific Horizon Invt. Fd	$	1730.25
F&C MGMT. LTD. INV. ADVISERS		
1, Laurence Pountney Hill, EC4 01-623-4680		
(w) F&C Atlantic	$	28.08
(w) F&C European	$	34.12
(w) F&C Oriental	$	81.25
(w) F&C N. American M C Fd	$	9.43
(w) F&C Nordic Fund	$	11.54
FIDELITY INT'L INV. MGMT (LUX.) S.A.		
(d)New Europe Fund	$	9.92
(d)Fidelity Conv. Sec. Portf.	$	9.61
FIDELITY POB 670, Hamilton Bermuda		
(m) Fid. Amer. Vol.II Com.	$	111.15
(m) Fid. Amr.Vol.II Cum.Pref.	$	101.75
(m) Fid. Amer.Vol.III Com.	$	58.22
(m) Fid. Amr.Vol.III Cum Pref.	$	101.90
(d) Fidelity Amer. Assets	$	127.02*
(d) Fidelity Australia Fund	$	15.34
(d) Fidelity Dir. Svgs. Tr.	$	162.74
(d) Fidelity Pacific Fund	$	301.43
FIDELITY INT'L SERVICE (LUX.)		
(d) Balanced Portfolio-hedged	$	10.77
(d) Balanced Portfolio-unhedg.	$	11.23
(d) Fidelity Discovery Fund	$	17.84
(d) Fidelity Far East Fund	$	21.00
(d) Fidelity Frontier Fund	$	21.80
(d) Fidelity Global Ind. Fd	$	12.43
(d) Fidelity Global Selct Fd	$	11.97
(d) Fidelity Int'l. Fund	$	13.36
(d) Fidelity Orient Fund	$	90.91
(d) Fidelity Spcl. Growth Fd.	$	22.14
(d) Fidelity World Fund	$	66.80
FIDELITY INT'L (CI) LTD.		
FIDELITY PERFORM PORTFOLIOS LTD.		
(d) American Portfolio	$	1.02*
(d) European Portfolio	$	1.51*
(d) Japan Portfolio	$	1.31*
(d) South East Asian Portfolio	$	0.86*
(d) U.K. Portfolio	£	1.08*
(d) Intl. Bond Portfolio	$	0.95*
(d) Sterling Liquidity Pfll.	£	10.12*
(d) Dollar Liquidity Portfolio	$	10.08*
FINAFUTURES (BVI) Ltd		
(d) Portfolio Fund-series 1	$	0.9816
FOKUS BANK A.S. 472 428 555		
(w) Scanfonds Int'l growth fd	$	1.51
FORBES PO B887 GRAND CAYMAN		
London Agent 01-839-3013		
(w) Forbes High Inc. Gilt Fd	£	47.70
(w) Gold Income	$	4.25
(w) Gold Appreciation	$	3.95
GAIA CURRENCY HEDGE FUNDS		
(w)Gaia Hedge I $ 85.68*Red	$	84.86
(w)Gaia Hedge III $ 134.09*Red	$	138.35
GAM ANLAGEFONDS AG.		
POB 144, 8034 Zurich Tel.41-1-2514640		
(w) GAM (CH) America	SF	1228.00
(w) GAM (CH) Mondial	SF	1332.00
(w) GAM (CH) Pacific	SF	1525.00
GARTMORE FUND MANAGERS INT.		
42,La Motte Street, JERSEY (0534) 27301		
CAPITAL STRATEGY FD. LTD.		
(d) Sterling Deposit	£	1.011
(d) US$ Deposit	$	1.030
(d) DM Deposit	DM	5.090
(d) Yen Deposit	Y	505.60
(d) Sw. Fr. Deposit	SF	5.094
(d) Austr.Dollar Dep. Id	A$	1.051
(d) French Franc Deposit Id	FF	10.25
(d) N. American	$	1.61
(d) Japan	Y	657.00
(d) Pacific Basin	Y	301.00
(d) International growth	$	2.75
(d) British	£	2.19
(d) Sterling Gilt	£	1.16
(d) International Bond	$	1.18
(d) Yen Convertible bond	Y	2913.00
(d) European Fund	DM	5.68
(d) E.C.U. Fund	ECU	0.98
(d) Australasian fund	$	0.32
(d) Canadian fund	Cn$	0.19
(d) Emerging Markets Fund	$	0.91
(d) Global Reserves Fund	$	0.75
GEFINOR FUNDS		
London:01-4994171, Geneva:41-22355530		
(w) East Investment Fund	$	965.83
(w) Scottish World Fund	£	285.1415
(w) State St. American	$	292.31
GENERALE BANK		
(see also Interselex Group)		
(d) Rentinvest	$	26.06*
(d) Capital Rentinvest	$	112.65
(d) Rentinbel Distr.	LF	10,003.00*
(d) Rentinbel Cap.	LF	18,521.00
GLOBAL ASSET MANAGEMENT CORP.		
11 Athol St,Douglas,I. of Man,44-624-26037		
(w) Futurgam S.A.	$	173.90
(w) GAM Arbitrage Inc	$	243.54
(w) GAMerica Inc	$	229.36
(w) GAM Australia Inc.	$	133.39
(w) GAM Asean Inc	$	132.77*
(w) GAM Boston Inc	$	167.82
(w) GAM Ermitage	$	26.99
(w) GAM European Inc.	$	105.01
(w) GAM Franc-Val Inc.	SF	244.83
(w) GAM France Inc	FF	1379.58
(w) GAM Global Fund	$	113.42
(w) GAM High Yield Inc.	$	109.53
(w) GAM Hong Kong Inc.	$	172.20*
(w) GAM International Inc.	$	146.51
(w) GAM Japan Inc.	$	382.89
(w) GAM Money Mkts. Fund	$	104.90*
(w) GAM Money Mkts. Fund	£	106.51
(w) GAM Money Mkts. Fund	SF	102.71
(w) GAM Money Mkts. Fund	DM	103.72*
(w) GAM Money Mkts. Fund	Y	10,192.00*
(w) GAM Pacific Basin Fund	$	188.53
(w) GAM Pacific Inc	$	433.35
(w) GAM Restr. Fd. Inc.	$	166.11*
(w) GAM Singapore/Malay Inc	$	185.83
(w) GAM Swiss Fr Spec Bond Fd	SF	108.82
(w) GAM Value Inc.	$	104.86
(w) GAM Worldwide Inc	$	421.35
(w) GAM Tyche S.A. Class A	$	178.28
(w) GAM U.S. Inc.	$	144.99
(w) GAM Whitehorn Fund Inc.	$	131.02
(w) GAM ut Inc.	$	259.89
(w) GSAM Composite Inc.	$	272.95*
(w) GSAM Int. Inc.U.S Ord.	$	115.07*
(w) GSAM Int. Inc.U.S Spe.	$	125.01*
(w) GSAM Interest Inc.	SF	101.55*
(w) GSAM Interest Inc.	£	102.66*
(w) GSAM Interest Inc.	DM	96.98
(w) GSAM Interest Inc.	Y	12,008.00*
G.T. MANAGEMENT PLC		
(r) G.T. Applied Science	$	14.09
(d) G.T. ASEAN Fund	$	41.08
(d) G.T. Asia Fund	$	12.36*
(d) G.T. Australia Fund	$	28.59*
(d) G.T. Berry Japan Fund	$	32.12*
(w) G.T.Biotechn./Health Fund	$	8.44
(d) G.T. Bond Fund	$	16.35*
(w) G.T. Britain Fund	$	8.27
(d) G.T. Deutschland Fund	$	10.90
(d) G.T. Dollar Fund	$	20.39*
(d) G.T. Europe Fund	$	28.79
(w) G.T. Euro. Small Cos. Fund	$	29.81
(w) G.T.Global Small Cos.Fund	$	12.19
(w) G.T.Global Technology Fd	$	17.51*
(d) G.T. Hong Kong Fund	$	20.23*
(d) G.T. Honshu Pathfinder	$	9.63
(d) G.T. Investment Fund	$	18.43
(w) G.T. Japan Sml Co.Fd	$	10.29*
(w) G.T. Nat Res. Fd Gold Class	$	6.34
(d) G.T. Newly Ind. Countr. Fd	$	27.76
(d) G.T. Select Dollar Bd Pfl	$	9.45
(d) G.T. Select Int Bd Pfl.	$	10.08*
(d) G.T. Select Gilt Pfl.	£	8.74*
(r) G.T. Technology Fund	$	32.17
(d) G.T. U.K. Small Companies	£	10.15
(d) G.T. Univ.Growth Fund	$	9.95
(w) G.T. U.S. Small Companies	$	12.29
HILL SAMUEL INVEST. MGMT. INTL. S.A.		
Jersey, P.O. Box 63, Tel 0534 76029		
Berne, P.O. Box 2622, Tel 4131 224051		
(d) Crossbow (Far East)	SF	17.42
(d) CSF (Balanced)	SF	37.68
(d) European Equity Fund	DM	17.72
(d) Intnl. Bond Fund	$	13.11
(d) Int. Currency U.S.Manag'd	$	23.39
(d) ITF Fd (Technology)	$	19.61
(d) O'Seas Fd (N. AMERICA)	$	47.65
(d) Int. Currency U.S.	$	32.31
IAM ,2 Bd. Royal LUXEMBOURG		
(d) Iam Flagship Fund	ECU	87.80
(w) Iam Bonds Fund-France	FF	551.59
(w) Iam Bonds Fund-Deutschl	DM	212.64
(w) Iam Bonds Fund-Japan	Y	10,892.00
(w) Iam Bonds Fund-Switz.	FS	208.16
(w) Iam Bonds Fund-U.S.A	$	105.69
(w) Iam Bonds Fund-Europe	ECU	112.23
(w) Iam Bonds Fund-Netherl	FL	213.23
(w) Iam Europe global	ECU	99.72
(w) Iam Europe luxe	ECU	99.65
(w) Iam Europe 90/10	ECU	99.77
(w) Iam Europe 1992	ECU	100.71
(w) Iam Europe du Sud	ECU	101.25
INTERSELEX GROUP		
(d) Int.America Fund	$	14.11
(d) Int.Belgo Fund	LF	3205.00
(d) Int.Europe Sicav	LF	4528.00
(d) Int.Pacific Fund	$	1224.94*
(d) Int.World Fund	$	94.12*
ISLAMIC MGMT FUND LTD	$	972.69
C3FB Fund Mgmt Ltd (0481-713996)		
PB122 St. Peter Port,Guernsey		
JARDINE FLEMING, GPO Box 11448 Hg Kg		
(d) J.F Japan Trust	Y	14,111.00
(d) J.F Pacific Sec. Trust	$	25.66
(d) J.F Pacific Income Trust	$	81.97
(d) J.F Hong Kong Trust	$	32.68
(d) J.F European	$	10.14
(d) J.F International	$	13.22
(d) J.F Gib Convertibles Trust	$	11.10
LLOYDS BANK PLC, POB 438, Geneva 11		
Mrs. C. Bertoletti,(22) 208411/ext. 2222.		
+(w)Lloyds Int'l Dollar	$	111.90
+(w)Lloyds Int'l Europe	SF	179.70
+(w)Lloyds Int'l Growth	SF	231.60
+(w)Lloyds Int'l Income	SF	284.50
+(w)Lloyds Int'l N. America	$	151.20*
+(w)Lloyds Int'l Pacific	SF	244.00
+(w)Lloyds Int'l. Smaller Cos	$	17.65
MAN INTERNATIONAL FUTURES		
(m) Alubef Mint Gld.Fund Ltd.	$	N/C
(m) Mint Limited - Ordinary	$	41.25
(m) Mint Limited - Income	$	15.31
(m) Mint Gld Ltd - Spec Issue	$	21.67
(m) Mint Gld Ltd - Series A	$	20.01
(m) Mint Gld Ltd - Nov 1993	$	19.20
(m) Mint Gld Ltd - Jan 1994	$	15.48
(m) Mint Gld Ltd - Dec 1994	$	13.43
(m) Mint Gld Ltd - Aug 1995	$	10.90
(m) Fbme Mint Gld Plc	$	118.97
(m) Mint Sp Res Ltd (BNP)	$	106.75
(m) Newcastle Guaranteed Ltd	$	11.29
MAGNUM FUTURES FUND LTD.		
(m) Sterling Class	£	4.91
(m) U.S Dollar Class	$	9.79
MERRILL LYNCH		
(d) Dollar Assets Portfolio	$	1.00
(d) First Convertible Sec. Fd	$	11.59
(d) Global equity Portfolio	$	9.79
(d) Iberia portfolio	$	10.67
(d) Multi-Curr. Bond Portfolio	$	13.11
(d) U.S.A Income Portfolio	$	9.33
(d) US Federal Securities	$	9.83
(d) World Nat Res Pfl. Share A	$	10.42
(d) World Nat Res Pfl. Share B	$	10.38
GLOBAL CURRENCY PORTFOLIOS		
(d) Australian Dollar Pfl.	$	10.42
(d) Deutschmark Portfolio	DM	10.15
(d) Pound Sterling Portfolio	£	10.28
(d) US Dollar Portfolio	$	10.56
(d) Yen Portfolio	Y	1009.00
MIM BRITANNIA,POB 271,St. Helier, Jersey		
(d) Int.High Income	$	2,511
(d) Dollar Man.Curr	$	14,370*
(d) Dollar Man. Port	$	2,110*
(d) Sterling Man.Port	£	1,849*
(d) Pioneer Markets	$	2,819*
(d) U.K. Growth	£	1,078
(d) Amer. Inc. & Growth	$	1,401
(d) Gold & Prec. Metals	$	0,956
(d) Sterling Man. Curr.	£	17,790
(d) Japan Dollar Perf. Fd	$	4,065
(d) Jersey Gilt	£	8,1864
(d) Okasan Global Strat	$	16,360
(d) Asia Super Growth Fund	$	11,840
NIMARBEN		
(w) Class A	$	139.38
NMB BANK,PO 1800,1000 BV Amsterdam.		
(w) The Brazil Fund	$	1.74
(d) NMB Dutch Fund	FL	38.40
NOMURA INVEST BANKING (M.E) E.C.		
(d) Nomura Gulf Fund	$	9.88
OBLIFLEX LIMITED		
(w) Multicurrency	$	20.16
(w) Dollar Medium Term	$	16.01
(w) Dollar Long Term	$	15.62
(w) Japanese Yen	Y	24.60
(w) Pound Sterling	£	15.01
(w) Deutsche Mark	DM	12.95
(w) Dutch Florin	FL	12.93
(w) Dutch Florin Multi.	FL	18.39
(w) Swiss Franc	SF	11.06
(w) Swiss Multicurrency	SF	12.65
(w) European Currency	ECU	14.10
(w) Convertibles	$	10.71
(w) Swiss Multi-dividend	SF	10.48
PARIBAS-GROUP		
(d) Belux Fund	LF	10,854.00
(d) Cortexa International	$	129.10
(d) Ecupar	ECU	1,357.96
(d) Far East Growth Fund	$	141.56
(d) Luxor	$	8.50
(d) Moneyflow	LF	10,104.00
(d) Parsurope Growth	$	20.16
(d) Parinter Fund	$	217.64
(d) Par US Treas. Bond 'Cl. B'	$	149.33
(d) Europhenix	FF	1,342.31
(d) Parinter Bond Fund	$	12.71
(d) Paribas-Rente 'A'	LF	1,306.00
(d) Paribas-Rente 'B'	LF	1,407.00
(d) Obli-Franc	FF	1,199.36
(d) Obli-DM 'A'	DM	1,349.41
(d) Obli-DM 'B'	DM	1,276.97
(d) Obligestion	SF	91.15
(d) Obli-Dollar 'A'	$	1,398.94
(d) Obli-Dollar 'B'	$	1,276.97
(d) Obli-Yen 'A'	Y	108,847.00
(d) Obli-Yen 'B'	Y	114,063.00
(d) Obli-Gulden 'A'	FL	1,052.85
(d) Obli-Gulden 'B'	FL	1,112.19
(d) Parsuisse	SF	1,320.48
(d) Parjapan	Y	3,400.00
PERMAL GROUP		
(m) Drakkar Growth	$	2021.97
(m) Nascot Ltd	$	1280.32
(m) Select Equities Ltd	$	956.32
(m) Special Opportunities Ltd	$	1603.15
(m) Usdyke Ltd	$	262.69
(m) Victor Futures Fd	$	2068.55
PIERSON,HELDRING & PIERSON N.V.		
POB 243,1000 AE Amsterdam (20-211188)		
(w) Asia Pac. Growth Fd N.V.	$	35.32
(w) DP Amer. Growth Fd N.V.	$	25.22
(w) DP Energy Resources	$	39.63
(w) Europe Growth Fund N.V.	FL	57.54
(w) Japan Diversified Fund	$	63.28
(w) Leveraged Cap Hold	$	332.46
(w) Tokyo Pac. Hold. N.V.	$	250.49
PUTNAM		
(d) Emerging Hlth Sc. Trust	$	15.43
(w) Putnam Em. Info. Sc. Tr	$	12.79
(d) Putnam Int'l Fund	$	10.45
ROBECO GROUP		
POB 973, Rotterdam (10-4650711)		
(d) Robeco	FL	106.10
(d) Rolinco	FL	104.40
(d) Rorento	FL	61.80
(d) Rodamco	FL	163.00
ROTHSCHILD AST.MGT.		
(w) Tokyo Pac. Hold. (Sea)	$	182.79
ROYAL B. CANADA,POB 246,GUERNSEY		
+(w)RBC British Fund Ltd.	£	5.83*
+(w)RBC Canadian Fund Ltd	C$	14.76*
+(w)RBC European Fund	£	11.55
+(w)RBC Far East&Pacific Fd	$	36.86
+(w)RBC Int'l Capital Fd	$	51.38
+(w)RBC Int'l Bond Fund Ltd	$	12.03
+(d)RBC Mon.Currency Fd	$	38.41
+(w)RBC North Amer. Fd	$	15.18
ROYAL TRUST ASSETMIX FUND		
Lux.Tel:(352)489061		
EQUITY FUNDS		
(d)Alpha UK	£	1.19
(d)Alpha US$	$	1.26
(d)Alpha Worldwide	SF	5.49
(d)Alpha Japanese	Y	1007.00
(d)Alpha Pacific Rim	$	1.05
(d)Alpha European	ECU	1.12
(d)Gold Share	$	0.97
BOND FUNDS		
(d)Sterling Pound	£	101.66
(d)US$ Bond	US$	110.59
(d)Deutschmark Bond	DM	58.57
(d)Alpha Worldwide	SF	55.76
RESERVE FUNDS		
(d)Sterling Reserve	£	10.718
(d)US$ Reserve	$	10.435
(d)Deutschmark Reserve	DM	10.267
SHEARSON LEHMAN HUTTON		
(d) Oporto Growth Fund	$	9.425
INTERNATIONAL PORTFOLIOS (IP)		
(d) IP Global Balanced	$	10.81
(d) IP Precious Metals	$	8.91
(d) IP Global Bond	$	10.24
(d) IP US Share	$	11.66
(d) IP Global Equity	$	11.39
(d) IP Pacific Equity	$	10.50
(d) IP Euro Equity	$	11.85
(d) IP US Govt-securities	$	10.98
SKANDIFOND		
SKANDINAVISKA ENSKILDA BANKEN		
(w)Equity Intl Acc	$	10.64
(w)Equity Intl Inc	$	9.95
(w)Equity Global	$	0.98
(w)Equity Far East	$	1.66
(w)Equity Gold	$	0.88
(w)Equity Japan	Y	119.00
(w)Equity Nordic	$	1.11
(w)Equity U.K.	£	1.09
(d)Equity Continental Europe	$	1.03
(d)Equity Mediterranean	$	1.05
(d)Equity North America	$	1.07
(d)Bond DEM	DM	0.98
(w)Bond Intl Acc	$	7.44
(w)Bond Intl Inc	$	6.22
(d)Bond Sweden	SEK	N/C
(d)Bond Dollar	$	N/C
(w)High Income Acc	$	0.97
(w)High Income Inc	$	0.90
(w)Multicurrency	$	1.0290
(d)FRF	FF	1.02
SOCIETE GENERALE GROUP		
(w) SF Fund		
(w) SF Bonds A U.S.A	$	11.46
(w) SF Bonds B Germany	DM	21.64
(w) SF Bonds C France	FF	85.47
(w) SF Bonds D Switz.	SF	28.00
(w) SF Bonds E G.B.	£	7.98
(w) SF Bonds F Japan	Y	1631.00
(w) SF Bonds G Europe	ECU	11.44
(w) SF Bonds H World Wide	$	11.17
(w) SF Bonds J Belgium	BF	545.00
(w) SF Eq. K North America	$	11.47
(w) SF Eq. L W. Europe	ECU	11.75
(w) SF Eq. M Pacific Basin	YEN	1566.00
(w) SF Eq P Growth Countries	$	10.30
(w) SF Equities Q Gold Mines	$	9.79
(w) SF Equities R World Wide	$	11.13
(w) SF Short Term S France	FF	110.20
(w) SF Short Term T Eur.	ECU	10.79
SODITIC ASSET MANAGEMENT INC.		
(w) SAM Diversified Inc.	$	101.73
SVENSKA HANDELSBANKEN S.A.		
146 bd de la Petrusse,L-2330 Luxembourg		
(b) SHB Bond Fund	$	42.47
(w) Svenska Select.Fd Intl Sh.	$	48.43
(w) Svenska Select.Fd America Sh	$	10.83
(w) Svenska Select.Fd Asia Shares	$	8.82
SWISS BANK CORP. (ISSUE PRICES)		
(d) AmericaValor	SF	487.75*
(d) AngloValor	£	185.98*
(d) Asia Portfolio	SF	370.31
(d) Convert Bond Selection	SF	99.76
(d) Dollar Bond Selection	$	135.92*
(d) D-Mark Bond Selection	DM	117.17*
(d) Ecu Bond Selection	ECU	101.42*
(d) Florin Bond Selection	FL	119.25*
(d) FranceValor	FF	1743.74*
(d) GermaniaValor	DM	491.01*
(d) Gold Portfolio	SF	502.55
(d) ItalValor	Lit	485,829.00*
(d) Japan Portfolio	SF	395.50*
(d) SBC US$ MMF	$	5439.87
(d) SBC 100 Index Fund	SF	1166.00
(d) Sterling Bond Selection	£	105.49*
(d) Swiss Foreign Bond Selec	SF	106.72*
(d) Swissvalor	SF	398.50*
(d) Universal Bond Select.	SF	80.50*
(d) UniversalFund	SF	127.37*
(d) Yen Bond Selection	Y	11,759.00
THORNTON MANAGEMENT LTD.		
(d) Thornton Int goos.fund	$	1.96
(d) Pacific Invt. Fd. S.A.	$	10.04
(d) Pac.Invt. Warrants Fd.S.A.	$	5.04
(d) Thornton Kangaroo Fd Ltd.	$	10.47
(d) Thornton European Fund	$	6.25
(d) Thornton HK & China	$	9.36
(d) Thornton Japan Fund Ltd.	$	34.78
(d) Thornton Orient.Inc. Fd Ltd	$	19.61
(w) Thornton Phil. Redev. Fd	$	38.76
(d) Thornton Tiger Fund Ltd	$	25.42
(d) Thor.Pacific Tech Fd Ltd	$	12.08
(d) Thor.Lill. Dragons Fd Ltd	$	17.48
(d) Thor.Golden Opport.Fd	$	6.13
(d) Eastern Crusader Fund	$	7.87
(w) The Global Access Fund	$	9.49
T. Rowe Price Associates Inc.		
(m)T. Rowe Price Frontier Ltd.	$	10.51
TYNDALL INT'L GUERNSEY LTD		
Tel.0481 27963		
(d) Amer Spec Sits	$	43.79
(d) Eurobond	$	27.80
(d) Mortgage	C$	13.05
(d) Overseas	$	26.41
(d) Tiger	$	36.03
(d) High Yield Bond	£	70.30*
(d) Marunouchi	$	73.20
(d) Far Eastern	$	553.40
(d) Gilt	£	490.70
(d) Mad Currency-Dollar	$	1.387
(d) Mad Currency-Stlg	£	105.900
(d) 1992	£	264.200
(d) Wall Street	$	232.100
(d) Hi Inc Gilt & Bulldog	£	102.900
UEBERSEEBANK, ZURICH		
(d) B-FUND	SF	982.97
(d) M-FUND	SF	1086.23
(d) M-Distribution	SF	103.03
(d) UBZ Euro-Income Fund	SF	10.18
UNION BANK OF SWITZERLAND		
(d) Bond-Invest	SF	63.75*
(d) Brit-Invest Shares	SF	779.00
(d) D-Mark-Invest Bds	DM	213.40
(d) Dollar-Invest Bds	SF	115.42
(d) ESPAC Spanish sh	SF	222.00*
(d) Eurit	SF	329.00
(d) Fonsa Swiss Sh.	SF	213.50
(d) Francit Shares	SF	211.50
(d) Germac Shares	SF	211.00
(d) Globinvest Shares	SF	114.50
(d) Gold Invest Shares	SF	247.00
(d) Holland-Invest Sh.	SF	238.00
(d) Itac Shares	SF	215.50
(d) Japan-Invest Sh.	SF	1615.50
(d) Sima (stock price)	SF	243.00*
(d) Skandinavien-Invest	SF	271.00
(d) UBS Money Mkt Inv.	$	5262.92
(d) Yen-Invest Bonds.	SF	1070.00
UNION INVESTMENT Frankfurt		
(d) Unirenta	DM	40.90
(d) Unifonds	DM	32.20
(d) Unirak	DM	79.20
(d) Unizins	DM	113.55
THE UNIVERSAL GROUP OF FUNDS		
(m) Canada Gtd-Mortgage Fd.	C$	12.51
(d) Univers Sav Amer	C$	10.18
(d) Univers Sav Equity	C$	12.36
(d) Univers Sav Global	C$	5.71
(d) Univers Sav Pacific	C$	8.43
(d) Univers Sav Nat. Res	C$	6.22
VHOYTEMA & CHAUSSEE Brussels 5118933		
(m) vH&C Managed Fut. Index	$	187
Other Funds		
(b) Abacus Guart.Fd.Mar.'94	$	10.57
(r) Acticroissance	$	501.26
(d) Actifinance Intl	$	802.20
(w) Actigestion	FF	1109.92
(w) Activest Intl	$	21.88
(d) Amvabel	FL	96.50
(w) Aquila International Fund	$	245.98
(b) Ariane	$	3,324.16
(m) Atlantic Fund	$	105.26
(d) Atlas Fund	SF	121.11
(r) Australia Fund	$	14.36
(d) Bahamas Superfund	$	1001.00
(b) Blao Manad Bond Fund	$	187.75
(d) Berg Norden Sicav	$	144.91
(d) Berg Trust Sicav	$	117.78
(w) Bergen Int'l Fund.	$	11.13
(d) Bever Beleggingen++	$	25.50
(m) Bonar Currency & Int.	$	87.20
(w) Bondselex-Issue Pr.	SF	119.30
(m) J Capel guaranteed Fund	$	9.84
(w) CMI Investment Fund	$	1222.00
(d) Cash Gestion	FF	9498.01
(d) CB German Index Fund	DM	113.54
(w) Citadel Bond Portofolio	SF	113.00
(m) Cleveland Offshore Fd.	$	35.59
(w) Columbia Securities.	FL	111.91
(m) Commod. Gtd. Fund/USA	$	8.82
(d) Conqueror Fund Ltd	$	97.87
(w) Convert. Fd. Int'l A Certs	$	18.00
(w) Convert. Fd. Int'l B Certs	$	58.67
(w) Cumber Intl N.V.	$	248.46
(w) Daiwa Japan Fund	Y	9053.00
(w) D.G.C.	$	176.14
(w) DIVERSIF. BOND FUND	$	93.67
(d) D-mark-Baer Bond Fd.	DM	1044.00*
(d) Dollar-Baer Bond Fd	$	1134.00*
(d) D. Witter Wld Wide Ivt Tst.	$	22.53
(d) Dreyfus America Fund	$	16.41
(d) Dreyfus Fund Int'L	$	61.07
(w) Dreyfus Intercontinent	$	63.35
(w) Esprit Sicav	ECU	1169.67*
(w) Espirito Sto Inv M Sth Eur Fd.	$	10.21
(d) Europe Obligations	ECU	74.34
(w) Fairfield Int'l Ltd.	$	131.50
(w) Fairfield Strat. Ltd.	$	54.40
(w) First Eagle Fund	$	35,146.89
(w) F.I.T. Fund ff	FF	108.21
(d) Fonditalia	$	71.35
(w) Fonselex Issue Pr.	SF	284.50
(d) Forexfund Limited	$	8.76
(w) Formula Selection Fd.	SF	73.87
(d) Frankl-Trust Effekten Fd	DM	155.09
(d) Frankl-Trust Interzins	DM	41.98
(w) Future Div.Fund	$	26,480.00
(w) George V INV. BOND F.	$	17.46
(m) German Sel. Associates	DM	1991.64
(d) Green Line France	FF	687.12
(w) Haussmann Hldgs. N.V.	$	268.57
(w) Health 2000 Ltd	$	10.09
(w) Hestia Funds	$	147.93
(w) Horizon Fund	$	1839.57
(w) Ibex Holdings Ltd.	SF	179.50
(w) IFDC Japan Fund	YEN	46,666.00
(r) ILA-IGB	$	6.51
(r) ILA-IGS	$	9.97
(m) IncAmerica N.V.	$	14.42
(m) IncAsia N.V.	$	10.67
(w) Interecu Fund	ECU	1198.29
(w) Interface Fund Ltd.	$	150.70
(w) Interfund SA	$	36.34
(w) Intermarket Fund	$	368.51
(r) Int'l Securities Fund	$	23.47
(w) Interpac SA	$	3348.84
(d) Investa DWS	DM	67.94
(r) Invest Atlantiques	$	14.80
(d) Inoremet	$	10.07
(r) Italfortune Int'l Fund SA	$	40.55
(m) Japan Selection Asses.	Y	10,064.00
(w) Japan Selection Fund	$	197.38
(w) Japan Pacific Fund	$	306.66
(w) Kleinwort Bens. Jap. Fd.	$	241.24
(d) KML-II High Yield 06/28/89	$	998.52
(w) Korea Growth Trust	$	41.08*
(w) LACO International	$	7.49
(d) Liquibaer	$	1739.00
(m) London Portfolio G'td. I.	$	98.24
(m) London Portfolio G'td. II.	$	10.00
(w) Luxfund	$	100.46
(m) Lynx Sel.Holdings	SF	127.23
(w) ML Morgens Lv HI Yld.Inv.NV	$	10.57
(d) Mediolanum Sel. Fd.	$	37.49
(d) NCA FUND	$	10.77
(d) Nippon Fund	$	109.00
(m) NMT Asian Sel. Portfolio	$	174.12
(m) NMT Nastec Portfolio s/s	$	104.54
(d) NM Inc. & Growth Fund	$	15.41
(d) Nomura-Cap Int Eq Fd	$	13.54
(d) Nordmix	Lit	11092.00
(d) NSP F.I.T.	$	260.69
(m) Oppenheimer U.S.Arb.	$	130.48
(m) Overlook Performance	$	1192.42
(d) Pacific Nies Fund	$	9.73
(d) PAM Futures Trad.	$	872.13
(w) Pancurri Inc.	$	121.00
(w) Prosp. I.H.Inc.P.F.06/23/88	$	9.39
(w) Protected Parlor. Fund	$	0.71
(w) Quantum Fund N.V.	$	13543.12
(d) Rep.(Guernsey) Dol.Inc.fd	$	9.80*
(w) Samurai Portfolio	SF	334.00
(d) Sanyo Kle.Spain Fd	$	10.68
(d) Sarakreek Holding n.v.+++	$	27.08
(d) SCI/Tech. SA Luxembourg	$	18.39
(w) Spectrafund Ltd.	$	16.62
(w) SP International S.A.	$	4728.41
(d) Strat Int'l Gold Fund S.A	$	6.67
(d) Sussex Silverman	$	1018.00
(w) Techno Growth Fund	SF	65.84
(d) Templeton Glob Inc.	$	10.23*
(w) The Petrus Fund Ltd.	$	1.053
(m) TIIC(O.T.C)Jap.Id Sicav	$	9.72
(w) Transpacific Fund	Y	35568.00
(w) Trans Europe Fund	FL	75.41
(w) Tudor B.VI Futures.LTD	$	4227.09
(d) Turquoise Fund	$	206.70
(w) Tweedy,Browne n.v.CLA	$	3609.82
(w) Tweedy,Browne n.v.CLB	$	1906.46
(w) Tweedy,Browne (U.K.) n.v.	$	1397.59
(d) Unico Inv.Fund	DM	74.92
(d) Unico Equity.Fund	DM	64.05
(d) Uni Bond Fund	ECU	1504.89
(r) Uni Capital Fund	$	1641.57
(d) Univers Bonds	DM	131.34
(w) Vanderbilt Assets	$	17.40
(d) Vesper Flux	FF	1,001.83
(d) Victoria Fund	$	23,000.00
(w) Willerbond Capital	$	13.85
(d) World Fund S.A.	$	22.13
(d) World Balanced Fund S.A.	$	11.25
(m) Zweig Int'l Ltd	$	88,464.00

A$ - Australian Dollars; BF - Belgium Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SF - Swiss Francs; Y-Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; @ Offer Price incl. 3% prelim. charge; ◊ - Paris exchange; ++ - Amsterdam exchange; e - misquoted earlier; x - not registered with regulatory authority

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Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

Dollar Rebounds to Close Higher in New York

Reuters

NEW YORK — The dollar closed mostly higher on Thursday, rebounding from initial losses after the West German Bundesbank and other European central banks unexpectedly raised interest rates.

The news, together with rumors that the U.S. Federal Reserve Board might announce an interest rate cut, initially pushed the dollar down to a low of about 1.93 Deutsche marks in Europe.

But the dollar began to recover when the Fed denied the rumors of a rate cut. Dealers said that high U.S. interest rates, one reason behind the dollar's strength, will be cut because the American economy is slowing but they said investor demand for the currency remains strong.

The dollar closed in New York at 1.9645, up from 1.9625 DM on Wednesday.

The U.S. unit also gained against the Japanese yen as the political turmoil surrounding the Japanese government continued to weaken the currency. The dollar closed at 143.80 yen, up from 143.25 yen.

The British pound weakened further as investors remained skeptical about the country's inflation outlook. The British unit eased to $1.5435 from $1.5580 a day earlier.

The dollar also closed at 1.6875 Swiss francs, down slightly 1.6890 francs. The Swiss central bank raised its discount rate by a full percentage point to 5.5 percent, compared with half a point by other other central banks.

Against the French franc, the dollar closed at 6.6670, up from 6.6620 francs on Wednesday.

Dealers said that the European rate move is unlikely to affect U.S. monetary policy because inflationary pressures in the United States appear to be easing.

Most analysts said U.S. rates are likely to decline rather than rise.

"The Fed is going to move incrementally on the way down, the same way it moved up incrementally," said David Resler, chief economist at Nomura Securities International Inc.

Analysts noted the sharp 1.2 percent fall in the Index of Leading Economic Indicators for May that the government announced on Wednesday as a sign of the U.S. economic slowdown.

They said U.S. credit policies are being firmly guided by such domestic considerations rather than by the dollar or concerns about international policy coordination.

"I don't think we're going to respond to their rate hikes," said Kristin Foster of Citicorp Investment Bank, referring to the European central banks.

In the Fed's priorities, the dollar ranks fourth after inflation, the domestic economy and money supply growth, Ms. Foster said.

In theory, the combination of overseas rate increases and a U.S. rate cut would lessen the attractiveness of dollar assets, taking some steam out of the dollar's recent rally.

But dealers said the dollar remains in demand by investors, especially Japanese who continue to shift funds abroad because of the weakness of the yen.

Earlier in London, the closed mixed after the European rate move.

The dollar closed at 1.9560 DM, down from 1.9625 DM on Wednesday, but at 143.43 yen, up from 142.75 yen.

Expectations that Japan's ruling party could lose its majority in the municipal elections to be held this weekend pulled the Japanese currency lower, dealers said.

The British pound eased to $1.5530 from $1.5595 a day earlier.

The dollar also closed at 1.6770 Swiss francs, down from 1.6855 francs.

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	1.9560	1.9625
Pound sterling	1.5530	1.5595
Japanese yen	143.43	142.75
Swiss franc	1.6770	1.6855
French franc	6.6075	6.6425

Source: Reuters

OECD: *Group Warns of Inflation as European Central Banks Boost Rates*

(Continued from page 1)

United States." He did allow that the recent indications of slower growth "might make a small difference" to the projected half-point increase in interest rates.

Almost in passing, the OECD report warned that the monetary tightening already undertaken could lead to a sharper-than-expected economic slowdown in 1990, but the clear message in the 112-page report is that an upsurge in inflation is by far the greater risk.

On the basis of the Fed's actions to date, the OECD estimated that U.S. inflation will "stabilize" at about 5.25 percent by next year. To put that figure in perspective, the U.S. government in 1971 imposed wage and price controls when inflation was running at 4.4 percent.

The admonition on inflation was directed at more than half of 24 OECD member countries. The report said that tight credit policies will be needed to bear down on inflation since projections for 1990 have prices rising above 4 percent in 13 countries: the United States, Italy, Britain, Canada, Australia, Finland, Greece, Iceland, New Zealand, Portugal, Spain, Sweden and Turkey.

Feeding the inflation are high levels of capacity utilization in most countries as well as overheating in the newly industrializing economies of Asia — South Korea, Taiwan, Hong Kong and Singapore — where producers "now appear more inclined to seek increase in profit margins rather than in market shares." The four account for more than 7 percent of OECD imports and "sharp increases in their export prices would affect OECD inflation."

The report warned that "the slow but fairly general resurgence of prices excluding food and energy suggests that inflationary pressures have been increasingly taking root" not only in the high-inflation countries such as the United States, Britain, Sweden, Spain and Italy but also in West Germany, Japan and Switzerland.

The OECD report also hammers at the United States to reduce its budget deficit — a theme it, the International Monetary Fund and the Bank for International Settlements have continuously emphasized as the key to slowing U.S. demand, reducing the current-account deficit and lowering the nation's dependence on foreign capital to finance investments.

"Steady reductions of the federal budget deficit, leading to its elimination by 1993" is "a matter of urgency," the report said.

The secretariat said that the current strength of the dollar, based both on the prevailing high interest rates and expectations of capital gains on bond holdings when rates start to decline, is harmful and could be short-lived.

If inflation rates remain widely divergent — 2.25 percent for Japan next year and 2.5 percent in Germany compared to the 5.25 percent expected in the United States — the report said the dollar "may ultimately" need to fall beyond the lower levels observed since the 1987 Louvre agreement.

The dollar's strength is harmful to the United States because it undermines the international competitiveness of U.S. goods, slows the reduction of the huge American trade deficit and threatens to feed pressures for protectionist legislation, the report said.

The OECD expects the adjustment in U.S. merchandise trade deficit to stall next year at $106 billion. The current-account deficit, the widest measure of trade in goods and services, is forecast at $116 billion, down slightly from the $123 billion deficit expected this year.

The dollar's strength is also harmful to West Germany and Japan, which are faced with the dilemma of either importing inflation via the high price for dollars or resisting it by raising interest rates, which risks aborting the desired expansion in those countries.

The secretariat is also concerned about the durability of the dollar's firmness, fearing that a sharp setback could create different but equally disturbing problems for policy makers.

That setback could be triggered if foreign investors tire of financing the current-account deficit through purchasing dollar assets.

Although financing has been available "on a larger scale, and for longer" than past experience would have suggested, the OECD warned that "it would seem prudent to assume that there are limits" to such financing, beyond which exchange rates and interest rates could come under sharp pressure and be disruptive of sustained growth.

"It seems probable that at some point the market will be led to reassess the relative attractiveness of high-yield currencies and refocus on domestic inflationary pressures or current accounts — a process which may already have started for the Australian dollar and perhaps also for the pound sterling and the Canadian dollar."

The outlook for the U.S. dollar "is more complex, and its future evolution may crucially depend on how international cooperation will unfold," the report said.

Warming to its main thesis, the OECD report said that "large current-account imbalances correspond to large imbalances between saving and investment within countries." Changes in currency rates "lead to adjustment of external imbalances only in so far as they are accompanied by adjustment of these internal imbalances."

The secretariat accepts the U.S. view that there is "no rigid link between changes in fiscal balances and in national saving or current-account positions," but it says that "reduction of a structural budget deficit will normally have some net positive impact."

The secretariat does appear to side with the U.S. administration's position that raising taxes — which is said to fuel the spending ambitions of Congress — is not necessarily the best answer.

"How a budget deficit is cut matters," the report says, noting it would be counterproductive if it "added substantially to disincentives for private saving, as some forms of tax increases could."

The report also echoed to the U.S. position that its budget cuts, reducing domestic demand, need to be matched by demand-stimulating policies elsewhere to assure that world growth is sufficiently strong to absorb a higher flow of U.S. exports.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, June 29

Amsterdam

	Close	Prev.
ABN Bank	42.80	43.70
ACF Holding	51.30	51.50
Aegon	99.90	101.40
Ahold	118.80	119.20
Akzo	149	151.20
AMEV	54.20	55
A'Dam Rubber	7.60	7.70
Amro Bank	83.60	85.20
Bols	147.20	148.50
Buhrmann Tett	70.10	69.50
BVG	31	31
Center Parcs	79.60	81.30
CSM	68.30	68.90
DAF	56.30	57.20
DSM	137.80	139.40
Elsevier	73.80	74.40
Fokker	44.60	46.70
Gist-Brocades	36.40	37.10
Heineken	123.50	125.60
Hoogovens	113.50	116.10
Hunter Douglas	127.30	127.30
IHC Caland	31.90	31.50
Int Mueller	97	97
KLM	50.60	51.30
KNP	56.40	56.50
Nat Neder	64.30	65
Nedlloyd	430.50	440
NMB Bank	225	225.70
Oce Grinten	309	314
Pakhoed	147.20	148.70
Philips	37	37.40
Robeco	105.40	106.40
Rodamco	163.50	165.10
Rolinco	103.90	104.50
Rorento	61.80	61.80
Royal Dutch	139.20	141.30
Unilever	141.30	143.10
Van Ommeren	47	48.40
VMF Stork	36.80	37.20
VNU	104	106.30
Wessanen	91.20	91.30
Wolters/Kluwer	48.10	48.10

ANP-CBS Indx at 15.30: 188.30
Previous: 190.50

Brussels

	Close	Prev.
Arbed	6100	6200
Bekaert	14475	14500
Cockerill	371	370
Cobepa	5800	5800
Delhaize	5860	5800
EBES	4580	4590
GB-Inno-BM	1366	1370
GBL	4510	4540
Gevaert	8590	8400
Hoboken	17250	17250
Intercom	3580	3610
Kredietbank	4360	4300
Petrofina	12850	12775
Royale Belge	5110	5110
Soc Gen Baue	5100	5100
Sofina	12400	12400
Solvay	14825	14725
Tractebel	10000	10000
UCB	11650	11625
Unerg	2575	2630

Current Stock Index: 6118.99
Previous: 6120.94

Helsinki

	Close	Prev.
Amer A	142	148
Enso-Gutzeit	37	37
Finnish Sugar	N.Q.	—
K.O.P.	63	63
Kymmene	118	119
Nokia	130	131
Pohjola	265	265
Stockmann	263	263

Hong Kong

	Close	Prev.
Bk East Asia	13.50	13.30
Cathay Pacific	7.95	7.85
Cavendish Int'l	2.725	2.675
Cheung Kong	9.55	9.40
China Light Pwr	11.10	11
Dairy Farm Int'l	6.70	6.60
Hang Lung Dev	3.45	3.425
Hang Seng Bank	19.70	19.40
Henderson Land	3.45	3.40
HK Air Eng.	17.00	17.00
HK China Gas	15.10	15.30
HK Electric Hdgs	7.15	7
HK Land	6.95	6.80
HK Realty Trust	4.425	4.35
HK Shang Bank	5.55	5.40
HK Shai Hils	4.375	4.25
HK Telecomm	4.50	4.45
HK-TVB	9.40	9.40
HK Ferry	3.45	3.65
Hutch Whampoa	7.50	7.35
Hysan Dev	1.14	1.11
Jardine Math.	18	17.50
Jardin Strat Hdg	10.10	9.90
Kowloon Motor	6.35	6.20
Mandarin Orient	3.725	3.625
Miramar Hotel	4.75	4.70
New World Dev	7.75	7.70
SHK Props	7.85	7.75
Stelux	1.38	1.42
Swire Pac A	13.00	12.70
Tai Cheung Pros	3.625	3.60
Wharf Hold.	7.45	7.20
Wing On Co	4.25	4.15
Winsor Ind.	7.90	7.80
World Int'l Hdgs	3.05	3

Hang Seng Index: 2275.32
Previous: 2248.05

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	1040	1040
Bco. Central	1010	995
Bco. Santander	835	840
Banesto	1080	1070
CEPSA	509	517
Dragados	421.50	414
Expl. Rio Tinto	339.25	344
Hidroelec. Esp.	N.Q.	—
Iberduero	125.75	125.25
Telefonica	200.50	201.50

General Index: 312.05
Previous: 312.08

Sao Paulo

June 28

	Close	Prev.
Banco do Brasil	0.72	0.73
Bradesco	0.12	0.13
Brahma	0.04	0.04
Paranapanema	0.08	0.12
Petrobras	1.92	2.02
Varig	0.27	0.30

Bovespa Index: 7049
Previous: 7186

Singapore

	Close	Prev.
Cerebos	5.40	5.40
City Dev.	4.72	4.74
DBS	9.70	9.60
Fraser Neave	9.95	10
Genting	5.65	5.70
Harrisons Plant	1.90	1.92
Haw Par	3.06	3.06

Sydney

	Close	Prev.
ANZ	4.64	4.58
BHP	8.84	8.74
Boral	3.45	3.42
Bougainville	2	1.98
Coles Myer	8.24	8.16
Comalco	3.67	3.68
CRA	8.70	8.64
CSR	4.62	4.61
Dunlop	4.57	4.58
Elders IXL	2.67	2.68
ICI Australia	6.16	6.16

All Ordinaries Index: 1524.70
Previous: 1519.80

Straits Times Ind.: 1313.29
Previous: 1308.64

Tokyo

	Close	Prev.
Akai	775	778
Asahi Chemical	1180	1190
[illegible]		

Toronto *June 29*

Canadian stocks via AP

Sales	Stock	High	Low	Close	Chg.
9620	Abiti Prce	$19	18¾	18¾	— ¾
19540	Agnico E	$9⅞	9	9	
196750	Air Canada	$12⅛	12⅛	12⅛	— ¼
41891	Alt Energy	$18½	18	18¼	+ ⅛
2567	Alta Nat	$16⅝	16⅜	16⅝	+ ⅛
[illegible]					

Total sales 29,464,362 shares

TSE 300 Index: Close 3,743.46 Previous 3,766.87

Montreal *June 29*

Sales	Stock	High	Low	Close	Chg.
212511	Bank Mont	$32⅛	32⅛	32⅛	— ⅛
1246	BombrdrA	$14	13¾	13¾	— ⅛
57570	BombrdrB	$14⅛	13¾	14	
10500	CB Pak	$19⅛	19⅛	19⅛	+ ⅛
9931	Cascades	$15¾	15¾	15¾	
9996	DomTxtA	$16	15½	15½	
4820	Memotec	$9⅞	9¾	9⅞	
103714	NatBk Cda	$14⅛	14	14⅛	
11985	Noverco	$12⅛	12½	12½	— ¼
31450	Power Corp	$15	14⅞	15	
16457	Provigo	$10⅛	10⅛	10⅛	+ ⅛
36939	Videotron	$19⅛	19⅛	19⅛	

Total Sales 6,189,813 shares.

Industrials Index: Close 1,614.54 Previous 1,639.83

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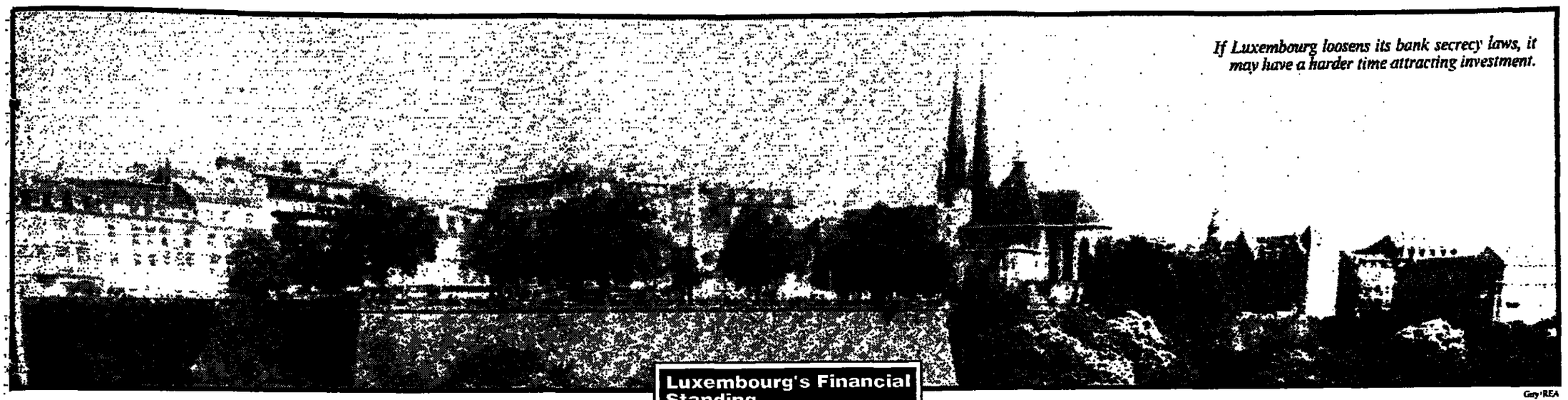
Luxembourg: A Way of Its Own



If Luxembourg loosens its bank secrecy laws, it may have a harder time attracting investment.

Gary Wagner/REA

David Humbles EC Goliath In Withholding Tax Arena

By Edward Roby

FRANKFURT — Two months ago, just as the European Community was making a last-ditch effort in its futile quest for tax harmonization, Luxembourg tightened what was probably already Europe's strictest banking secrecy law.

The defiant gesture was flawlessly timed. The EC tax offensive soon collapsed in disarray, leaving the Grand Duchy with a major policy coup over the majority of its bigger EC partners. A tiny David had humbled the revenue-hungry Goliath, permitting nervous investors throughout the EC to breathe a sigh of relief.

After a two-year campaign to achieve a uniform withholding tax on interest earnings at the expense of banking secrecy, the EC partners this spring finally agreed to disagree. West Germany, fresh from a cabinet shuffle, switched sides to announce it was scrapping its new 10 percent *Quellensteuer* withholding tax on interest as a costly flop.

Figures from Deutsche Bundesbank show a record 83 billion Deutsche marks ($42.8 billion) in long-term capital — an amount that neatly matched the country's 1988 current account surplus — flowed out of West Germany last year during the

> Investors throughout the EC breathed a sigh of relief.

runup to the unpopular Quellensteuer.

Although no one knows just how much, there is no doubt that a sizable chunk of this capital turned up in Luxembourg, where the subsidiaries of German banks are now doing a booming business with wealthy private customers from West Germany.

Could the defeat of the withholding tax turn into a pyrrhic victory for Luxembourg as some of this capital is repatriated? The bankers who benefited from the discredited tax experiment say they doubt this.

"It wasn't just the German banks in Luxembourg that profited from this misadventure," said Volker Burghagen, managing director of Luxembourg's Dresdner Bank Luxembourg SA. The amount of German investment capital that fled to the Grand Duchy has been "vastly overstated," he said, because much of it went elsewhere.

U.S. Treasury paper beckoned with its yield advantage and a relatively stable dollar last year, while Japanese and Asian stocks proved attractive and Switzerland also got its share.

"Tax advantages are only a secondary factor in the success of Luxembourg as a banking center," said Mr. Burghagen. "The important elements are the mentality, the services, the expertise and an established track

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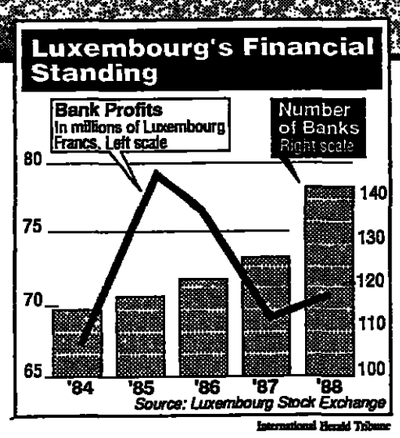

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Commissions from private banking services have grown impressively in the last few years.

Status as Offshore Haven Could Change With 1992

By Madlyn Resener

LUXEMBOURG — When the European Commission in Brussels recently dropped a proposal to impose a 15 percent withholding tax on interest and capital gains, it was a victory for Luxembourg, long a staunch opponent of such a measure. With the frontierless European market of 1992 rapidly approaching, the Grand Duchy is fighting to maintain its special role as an offshore banking center within the European Community, complete with its tax advantages, low banking costs and strict bank secrecy laws.

It's a battle not without setbacks. The revelation late last year by U.S. authorities that an American subsidiary of a Luxembourg-based holding company, the Bank of Credit and Commerce, was alleged to have been involved in laundering money for Colombian drug dealers came at a time when EC officials were pressuring Luxembourg authorities to cooperate more closely in cases of tax fraud or other international financial crime.

Luxembourg authorities, however, contend that such cooperation would erode the country's 40-year tradition of bank secrecy.

"Our position is simple," said Treasury Director Jacques F. Poos. "When it is a question of a judicial prosecution in which there has already been a case brought before a national court of justice, we can provide information. But when it is a question of doubts, of suspicions regarding possible fiscal fraud, we will not give out information."

> "Tax harmonization would only drive capital further afield."

Of course, it is not as simple as that. This careful distinction between fiscal fraud in an investor's home country, which Luxembourg authorities regard as covered by bank secrecy, and criminal activities, such as laundering money, which are not covered, rankles EC Commission officials because it masks the question of how to fight financial crime.

If Luxembourg loosens its tight bank secrecy laws, however, as Switzerland has recently done, it may have a harder time attracting investment.

Luxembourg bankers and officials argue that a pan-European effort to crack down on fraud would put a tremendous administrative burden on all European states.

"Building up a spying system in Europe smells too much like a police state and doesn't fit into what we think Europe should be," said Volker Burghagen, managing director of Dresdner Bank Luxembourg SA.

Earlier this week in Madrid, Luxembourg supported Britain in its reservations over long-term plans for monetary union in the European Community. Although a compromise

Continued on page 20

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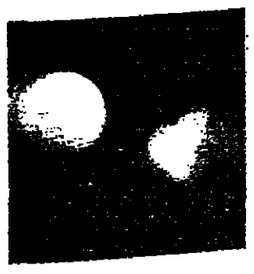

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BANQUE INTERNATIONALE A LUXEMBOURG

Substantial increase in profits for 1988

In 1988, Banque Internationale à Luxembourg (BIL) once again recorded excellent results. After allocation to Reserves net profits increased by 29.4 % to Lux. Francs 1,416 million (US $ 37.9 million) against Lux. Francs 1,094 million (US $ 33.2 million) in 1987.

Gross income rose by 13.8 % to Lux. Francs 10,446 million (US $ 279.7 million) yielding a pre-tax profit of Lux. Francs 2,565 million (US $ 68.7 million).

Balance sheet footings for BIL's 132 nd financial year closed with an increase of 13.1 % to Lux. Francs 418,304 million (US $ 11,200 million). Growth in the Private Banking sector contributed significantly to this.

Net dividends are up by 15 % on 1987, at Lux. Francs 500 (US $ 13.39) against Lux. Francs 430 (US $ 12.28) in the previous year.

1988 saw the formation of BIL PARTICIPATIONS, a new quoted Luxembourg investment vehicle, and the launch by BIL of 'IMMO-CROISSANCE', the first listed Luxembourg-based real estate investment fund.

BIL's Head Office is in the Grand Duchy of Luxembourg where it has a substantial domestic branch network. The bank also has a branch in London, subsidiaries in Lausanne and Singapore, and representative offices in New York, Frankfurt, Madrid and Tokyo. BIL is a member of ABECOR, one of the major international banking associations and though the majority of its shares are held by the public its two principal shareholders are Groupe Bruxelles Lambert and Pargesa.

Key figures for the 1988 financial year in millions of francs

	1986	1987	1988
Balance-sheet total	320,210	369,887	418,304
Customer deposits	235,350	288,010	319,663
Deposits of banks	49,573	43,689	51,991
Customer advances	78,638	82,567	89,765
Own resources provisions and borrowed capital	23,624	27,050	30,112
Gross cash-flow*	4,582	4,361	4,812
Net profit	827	1,094	1,416
Distributed profit	472	607	709
Net dividend per share	fr. 380	fr. 430	fr. 500

* Net profit plus taxes on profits plus depreciation and provisions less earlier provisions released.

1 US $ = 37,35 Flux (December 31st, 1988)

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Luxembourg: A Financial Way of Its Own / A Special Report

Currency Diversification Enhances Investment

By Brian Martin

LONDON — Despite a decline in popularity in bonds denominated in European Currency Units, Luxembourg's expertise in currency diversification through cocktails should ensure that it continues to attract investment searching for a spread of exchange-rate risk.

The stability of the Belgian-Luxembourg franc has been one factor in decreasing the attractiveness of ECU-denominated bonds, since the return on franc investments no longer suffers from the weakness of that currency. The volatility of sterling has also rendered the ECU basket less of a haven of stability. The pound is an ECU component though not a member of the EMS exchange rate mechanism.

Finally, West German opposition to investments linked to a currency basket instead of an individual unit may have had some effect.

The British government's decision last year to issue some British debt in ECUs is expected to complement Luxembourg's traditional focus on the ECU as a debt instrument. Bankers expect the move to attract investors from countries such as Switzerland and West Germany that have so far shown less interest in the ECU than other countries.

The ECU was given a boost in April when the Belgian Finance Ministry announced that it was considering issuing short-term, ECU-denominated treasury certificates later this year. The move is being considered partly to improve the management of Belgium's public debt but also to promote Brussels as a financial center. A Finance Ministry official said the example set by Britain's issue of one-, three-, and six-month treasury bills was being examined.

Luxembourg's role as a financial center with particular expertise in bonds and currency diversification has been under threat since the European Commission introduced a plan three months ago to impose a 15 percent minimum withholding tax on bank and bond income. The plan has been abandoned, at least for now. It is no surprise, therefore, that the Grand Duchy welcomed West Germany's recent decision to scrap its 10 percent withholding tax from July 1, undermining the prospect of a European Community-wide levy.

France has pushed for a Community withholding tax because of its concern that funds would flow out of Paris into other European financial centers, particularly Luxembourg, which does not have a withholding tax on investment income.

The Grand Duchy has countered with its argument that a uniform withholding tax would merely succeed in driving investors outside the European Community into countries like Switzerland that do not belong to the EC.

The West German decision has turned the tables firmly in favor of Luxembourg — and the United Kingdom — which have opposed the withholding tax from the outset. The Grand Duchy has been happy to let Britain take up the running on tax matters given Luxembourg's general pro-EC stance. However, it was relieved to hear Chancellor Nigel Lawson declare last month: "The withholding tax is now to all intents and purposes dead. . . . It has not yet been formally buried."

The nail in the withholding tax coffin was the refusal by the West German finance minister, Theodore Waigel, to consider reviving such a tax even within an EC context when it was discussed last month at an EC finance ministers' meeting in S'Agaró, Spain.

At present, the withholding tax remains formally on the table but only because the European Commission has nothing to put in its place. In a bid to reduce tax evasion, Brussels must now fall back on its original plan to step up cooperation among the fiscal authorities of the 12 EC member states.

One immediate concern for Luxembourg might be the prospect of a reverse flow of funds back into West Germany when the withholding tax is abolished on July 1, given that the tax was the main reason for a surge in investment funds from West Germans in 1988.

According to the Bundesbank, West German investment in Luxembourg was a net 17.4 billion Deutsche marks last year compared to 426 million marks in 1987. However, bankers are optimistic that the attractions of Luxembourg's private banking structure will prove sufficient to retain most of that investment.

> Luxembourg's expertise in currency cocktails should ensure that it attracts investment seeking a spread of risk.

Luxembourg officials say their concern over withholding tax is based more on its negative impact on the outlook for the EC as a whole than for Luxembourg itself which, some bankers believe, could cope with the problems posed by such a tax. The question of a change in Luxembourg's banking secrecy law, which protects banks from disclosing details associated with their depositors except in cases deemed to constitute a crime, has raised even greater concern.

Another problem for the Grand Duchy, associated with the EC plan for the removal of most of the EC's exchange controls by June 1990, is the proposal that the dual exchange rate still operating in Belgium and Luxembourg be abolished. The gap between the official or commercial market and the free or financial market has all but disappeared thanks to the stability of the Belgian franc within the European Monetary System. Nevertheless, the two-tier system is a control and under the EC's proposals should be scrapped.

The two currencies were first linked in 1919 and have been held at parity since the end of World War II. Most current transactions are carried out at the commercial rate, while capital transactions take place at the financial rate.

The National Bank has been studying the implications for capital movements of dismantling the two-tier system — but the prospect of capital flight from Belgium, which the two-tier rate guards against, is remote, given Brussels' efforts to keep the franc's value close to that of the Deutsche mark.

BRIAN MARTIN is editor of Euromoney's Treasury Report.

John Copes-van Hasselt

Ekkehard Storck of Deutsche Bank International.

Strong Recovery Continues For German Syndicated Loans

By Edward Roby

FRANKFURT — The Luxembourg banking center has finally emerged from the shadow of the international debt crisis that had blighted the consortial lending business since 1982. And it is now poised to become a leading center of private banking as well.

Consortial credit, the core business of the West German Eurobanks in the Grand Duchy, continued its strong recovery in 1988 for the second straight year. New syndications, in contrast to the days of petrodollar recycling to developing countries, are now being arranged overwhelmingly for top-flight borrowers from the leading industrialized countries.

"The era of writedowns and risk provisioning is mostly behind us," said Ekkehard Storck, managing director of Deutsche Bank Luxembourg SA, the leading German Eurobank. "You could call it a return to normalcy."

The volume of medium- and long-term syndicated Eurolending climbed to the equivalent of $118 billion last year after about $89 billion in 1987 and just $53 billion the year before that.

This traditional form of international credit for the first time last year significantly exceeded the level of $90 billion it reached in 1982, the year the debt crisis struck. The concentration of new credit on OECD borrowers grew to 87 percent from 74 percent a year earlier.

Indicative of returning confidence is the fact that the German Eurobanks are starting to pay dividends and taxes on their earnings again, said Mr. Storck. His bank remitted 118 million Deutsche marks ($60.8 million) in taxes to the Grand Duchy and sent another 57 million marks home to Frankfurt in the form of a 24 percent dividend.

Banking profits, after a minor setback in the stock crash year of 1987, rebounded last year on rising business volume to nearly the record levels of 1986. And the German bankers say business was running strong again in the first half of this year.

Mr. Storck said his bank expected to top its 1988 operating earnings of 251 million marks this year, up 9.1 percent from 1987. Wolfgang Möller, co-director of Luxembourg's Commerzbank International SA, said he saw "no reason to think" that his bank would not at least match its 205 million mark 1988 operating result this year. "We are very optimistic."

Volker Burghagen, managing director of Dresdner Bank Luxembourg SA, said all major business — lending, trading and private banking — were performing well in 1989. But he said the revaluation of extensive Deutsche mark securities holdings in step with rising yields could take its toll of earnings.

Unpublished operating earnings for the Dresdner unit last year were estimated at around 246 million marks, up from 240 million marks in 1987. Bayerische Vereinsbank International SA, which describes itself as the No. 4 German Eurobank in the center, said it raised its operating earnings 8.5 percent and paid a 12 percent dividend.

Capital fleeing West Germany ahead of the 10 percent *Quellensteuer* withholding tax on domestic interest earnings invigorated the business of Luxembourg's German Eurobanks with private customers, particularly in investment funds. Bankers are confident that this business will continue to grow, even though West Germany has decided to scrap the new tax.

Deutsche Bank Luxembourg had the good fortune to launch an international bond fund in Luxembourg just as West Germany was announcing its Quellensteuer. The assets of that fund have now soared to around 9 billion marks in less than two years and the bank said it tripled the number of private customers in 1988. Mr. Storck said the bank is already handling around 3,000 private customer accounts and the new business is making a growing contribution to earnings.

Mr. Möller said his bank was preparing a money market fund for the eventuality that Bundesbank would drop its ban against such investment vehicles to conform to the EC's new rules leveling national barriers to the marketing of funds. A couple of his competitors, however, said they still were unable to detect a demand for this kind of fund.

The increasing selectivity in lending that came with the debt crisis has squeezed margins because the quality of borrowers has improved and some problem debt had to be rescheduled, sold or swapped.

Figures from the Luxembourg Monetary Institute, the banking authority, show banking yield on assets declined steadily to 0.75 percent last year from 1.06 percent in 1985.

Some of the big German Eurobanks in Luxembourg, however, still look more profitable than the international average. Dresdner's operating earnings work out to 1.2 percent of assets and Commerzbank also achieved a return of over 1 percent.

The 36 German banks in the Grand Duchy account for just under 40 percent of the center's combined $265 billion in banking assets after $232 billion in 1987. With about 38 percent of its foreign banking assets in Deutsche marks compared with only 35 percent in U.S. dollars, Luxembourg remained the leading Euro-DM financial center.

EC Tax Plan Is Defeated

Continued from page 17

record in international competition." Wolfgang Möller, co-director of Commerzbank International SA, said his bank did "a very good business" with private customers even before the German Quellensteuer. "We treat our customers very well and we have no doubt they will stay," he said.

Once investors take the plunge into the international arena, they tend to acquire a taste for it, Luxembourg bankers say. They also point out that the importance of cost-intensive private banking business to the Eurobanks is often exaggerated. There is little doubt, however, that the Quellensteuer contributed to the explosive growth in Luxembourg's investment fund sector, which is one facet of the business with private customers.

The number of funds mushroomed by the start of this year to 525 with combined assets the equivalent of $50.8 billion, up from 405 funds with assets of $30.3 billion one year earlier. Ekkehard Storck, managing director of Deutsche Bank International SA, predicted that the number of funds would hit 600 this year.

Luxembourg has cultivated this growth by creating a liberal regulatory climate. In April 1988, it strengthened its position as a fund mecca by becoming the first country to adopt all the new EC rules for investment funds.

Under the EC integration plan, investment funds are supposed to be able to market their products freely under identical conditions anywhere in the 12-country community starting this autumn. A colorful array of funds have now positioned themselves in the Grand Duchy as a base for their assault on the fragmented national markets.

Market integration, for example, will mean the Bundesbank's ban on money market funds in West Germany will have to be lifted. A money fund with its eye on West Germany would gain a valuable head start by setting up first across the border in Luxembourg, and at least one German offshore bank is looking into this.

Luxembourg banks have always understood how to turn the regulations, restrictions and taxes of neighboring countries to their advantage. But the benefits of being a relatively free enclave could disappear if EC integration really does level the existing national barriers to financial transactions.

Bankers in the Grand Duchy insist they are not worried about 1992.

Mr. Burghagen said his bank, with more than 20 years of experience serving an international clientele, will be delighted to see the financial markets of France, Italy and Spain open up. He said Dresdner is already scouting for people who can speak the languages of potential new customers from those countries.

Those customers can count on a degree of banking secrecy unmatched in Europe. The supplement enacted this spring to the 1982 banking secrecy law simply codifies what has long been the practice in Luxembourg. It makes it a criminal offense for banks to supply any tax authorities with information concerning the tax liabilities of their customers.

The growth in the number of banks last year to 143 from 127 is one indication of rising confidence in the future of the Luxembourg banking center. Employment in the banking sector increased 8 percent to 13,700 in 1988.

Luxembourg actually strengthened its position after London and Paris as the third most important money center in the European sector of the $4.5 trillion Euromarket. Combined banking assets were up 14 percent to the equivalent of 472 billion Deutsche marks.

EDWARD ROBY is the English-language editor of Vereingigte wirtschaftsdienste GmbH, an economic news agency based in Frankfurt.

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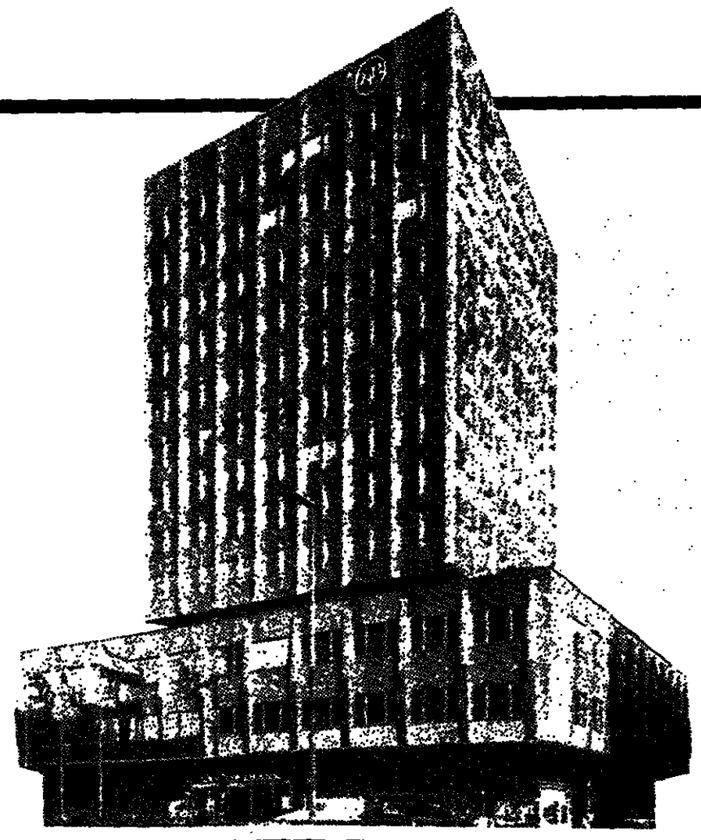

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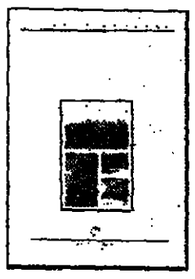

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Banks Show Steady Rise In Profits

By Madlyn Resener

LUXEMBOURG — Despite new competition from Japanese and British institutions, banking remains a profitable activity in the Grand Duchy. Last year was another strong year for Luxembourg-based banks, and profits are likely to move even higher this year.

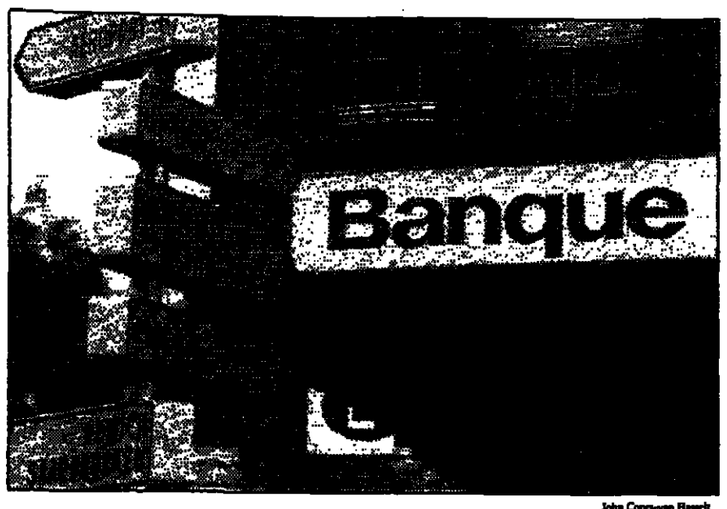
According to the Luxembourg Monetary Institute, Luxembourg's 150 banks reported profits of 71 billion Luxembourg francs ($1.7 billion) for 1988, compared to 69 billion francs the previous year — a respectable increase for an industry that has been squeezed by lower revenues from conventional Eurobank lending.

"It's an excellent performance," said Jean Guill, the institute's director.

Not surprisingly, the results vary greatly from bank to bank. One of the leaders was Kredietbank S.A. Luxembourgeoise, where profits rose 20 percent from April 1988 to April 1989, thanks in part to higher revenues from loan-making and to profits made from investments in high-interest bearing instruments.

"Luxembourg banks have a policy of being particularly prudent concerning provisions," said Damien Wigny, the bank's director. These provisions, added to the bank's reserves, were reinvested very profitably last year because interest rates were high, he said.

But the most important factor boosting profits at Kredietbank and other banks were commissions generated by private banking services. For the past several years, this has been a boom industry for both smaller private Luxembourg banks and the big Eurobanks, which



John Copes-van Hasselt

The Grand Duchy retains its competitive edge in the European market.

cludes operating in different securities markets, lending money at competitive rates and spotting special investment opportunities, such as investing in high-interest currencies based on borrowing in a low-interest currency.

Commissions from private banking services for Luxembourg's banks have grown impressively, from 8 billion francs in 1985 to 11.5 billion francs in 1988, according to the Luxembourg Monetary Institute. This trend has developed at a time when consortium banking, long one of Luxembourg's strengths, has to a great extent relocated to London.

At Landesbank Rheinland-Pfalz International S.A., profits for 1988 were unchanged, at 10 million Deutsche marks ($5.2 million).

The bank's managing director, Paul K. Schminke, said that after several years of heavy investment in computerization, internal hardware and personnel training, private banking is finally becoming a strong profit center for the bank.

"Gradually now, we are reaching a cruising altitude," he said.

At Landesbank, asset management accounts for 10 percent to 20 percent of total revenues, compared to well below 10 percent just a few years ago. Such commission income is making up in part for shrinking margins in the credit business, he noted.

Mr. Schminke added that, though the competition is growing, "we continue to see substantial funds flowing in, to a very large extent from Germany, but not exclusively."

With more banks to choose from, wealthy investors are becoming more savvy about investment possibilities.

"They are comparing prices, fees and commission, so there is more competition, but the potential is unlimited," he said. Inherited wealth, inflated real estate values in many cities such as London and several decades of relative political stability in Europe, he added, have all contributed to the "tremendous amount of funds moving from one place to another."

Mr. Deed of TBS noted that "private banking has become, at least in theory, more competitive because there are more people in the market."

"The difficulty in analyzing the level of competitiveness," he said, "is that when you have customers coming from all over the world, clearly not all institutions are competing in all those markets."

The Japanese and the British are among the most recent arrivals on the Luxembourg banking scene, but Luxembourg bankers insist that they do not see a profit squeeze because of the new competition.

"As far as Japanese or other banks coming in are concerned, there's absolutely no effect on banks' profits," said Volker Burghagen, managing director of the Dresdner Bank Luxembourg SA. "The reason is that being in Luxembourg has nothing to do with the Luxembourg marketplace. None of the international banks does business with Luxembourg companies or customers. Our business is with the rest of the world, and in the rest of the world, the Japanese banks were present anyway, so when they come here it doesn't change anything."

He said that 1988 was "one of the best years" for Dresdner Bank. Operating profit for 1988 surpassed 1987's 240 million Deutsche marks, itself a record year. The reasons include a pickup in the Euroloan business after several years of decline, higher margins on these loans and special successes in the bank's foreign exchange and money management activities.

But for Dresdner as for the others, it was private banking that really nudged profits up.

According to Mr. Guill, the open EC market of 1992 should also help push up profits for Luxembourg banks.

"Revenues from commissions have been growing strongly for years. With 1992 banks will be allowed to service a much larger private-banking clientele," he said.

In addition, investments funds managed out of the Channel Islands are increasingly eager to set up business in Luxembourg to take advantage of the EC directive that, beginning in October, will permit a fund based in one EC country to sell its products in all others.

Mr. Guill said that the number of funds based in Luxembourg has grown spectacularly from 100 at the end of 1983 to more than 600 today, with hundreds of applications pending.

Banks are catering to investors with a net worth of $500,000 to $5 million.

have set up asset management divisions to compensate for the decline in Eurolending.

At TSB Private Bank International, according to the associate director, Robert Deed, business has grown considerably since the end of 1988, the bank's first year of operation, when it had 3 billion francs under management.

Like other banks in the business, TSB caters to the middle-level wealthy customer, typically a European investor with a net worth of $500,000 to $5 million. Investors in this bracket, driven by the high costs and indifferent treatment of bankers in Zurich, have been flocking to Luxembourg in recent years because its banks offer lower fees, highly sophisticated investment advice and personalized service.

TSB, for instance, tries to tailor its investment advice to the "needs and appetite for risks" of its clients, Mr. Deed said. This in-

Arbed, a Steel Firm's Resurrection

By Jacques Neher

LUXEMBOURG — The lifeblood of Luxembourg's industry is flowing smoothly again with the dramatic turnaround of Arbed, Europe's fifth largest steel company. Now lean and profitable after more than a decade of painful restructuring, Arbed is preparing to raise fresh capital to fund a program of diversification out of the steel industry.

In so doing, the company and its biggest shareholder, the Luxembourg government, hope to position Arbed to survive future steel business downturns and secure it as the anchor for Luxembourg's industrial infrastructure in the decades ahead.

"Arbed has come back from the dead," said Peter Dupont, steel industry analyst with UBS-/Phillips & Drew, noting that its profits and stock price appreciation have made it "one of the star performers in the world steel industry."

Since it is the core of Luxembourg's industrial base, the company's fortunes are also Luxembourg's. Arbed represents 14.5 percent of Luxembourg's gross domestic product and employs 45 percent of the country's industrial work force. Though there are a few other significant manufacturers operating in the country, such as Goodyear Tire & Rubber Co., Arbed is seen as the linchpin in the Luxembourg economy, generating some 40 percent of the country's exports.

"Arbed is Luxembourg and Luxembourg is Arbed," said Mr. Dupont. "If Arbed would have failed in the early '80s, it would have been a disaster for the local economy."

That, he said, explains why the government came to the rescue earlier this decade with repeated cash infusions to keep Arbed in business, measures that simultaneously boosted confidence in the banking sector.

Indeed, the company is looking quite good in comparison to its desperate condition in the early 1980s. In 1988, the Arbed group reported consolidated net earnings of 11.78 billion Luxembourg francs ($277 million) and its main operating company, Arbed SA, tallied a net profit of 2.32 billion francs.

Between 1974 and 1984, Arbed was registering heavy losses, and, despite a three-year interlude of slim earnings between 1984 and 1986, the company took another dive in 1987, reporting a loss of 2.22 billion francs.

The financial turnaround, to a large extent, has been due to a recovery in steel prices, which are currently 18 percent higher than they were in the first quarter of 1988.

But Emmanuel Tesch, board chairman, said that it is not just the market that is responsible for the rebound. In his report to shareholders, Mr. Tesch said the new profitability "is owed above all to the considerable efforts, supplied at all levels of the company, to reduce costs of production."

He said that it currently takes 3.6 hours of work to produce a ton of rolled steel, down from an average of 5.3 hours in 1987 and 9.5 hours in 1975. The goal is to bring that time down to three hours within two years.

Most of the productivity gains have been the result of making do with less people. At Arbed's peak, in 1974, the group employed around 28,000 people. An agreed policy among company management, government and labor unions has permitted the work force to shrink to its current level of 11,000.

And to accomplish the three-hour productivity goal, employment will likely have to be further reduced to 8,500 to 9,000, according to the Arbed spokesman, Jean-Paul Raus.

The outlook for profits in 1989 is even rosier, Mr. Raus said, considering that Arbed will be able to take advantage of a full year of strong steel prices. "This year looks very good," he said. "Profits could double."

Arbed is composed of two steel-making units — Arbed in Luxembourg, producing 3.66 million tons in 1988, and Sidmar in Belgium, which produced 3.57 million tons. Total output last year was up 15.7 percent over 1987.

Even with its finances back in the black, Mr. Tesch and Arbed's managing director, Georges Faber, are pushing forward with a strategy of diversification. The idea is to have the company involved in a host of other industrial sectors to counterbalance the next steel industry downturn, whenever it inevitably comes.

Another imperative is to provide employment for the additional few thousand people who are programmed to be withdrawn from steel production activities as the productivity improvement program continues.

Last July, Arbed created two subsidiaries, Novar and Investar. Novar, 100 percent owned by Arbed, was commissioned to study diversification opportunities. Investar, half-owned by the state holding company, Société Nationale de Crédits et d'Investissements, is to act as financial intermediary, permitting Arbed to acquire other companies or engage in joint ventures without weighing down the company with new debt.

So far, Novar has yet to make any moves, but Mr. Raus said it "has quite a lot of serious projects under study" and that an acquisition or a decision on a joint venture is likely this year.

He said that diversification targets would most likely remain within the industry, although perhaps focusing on downstream activities, such as weaving steel cord for the European tire industry. The company recently decided to build a steel cord plant in Pine Bluff, Arkansas, with construction to begin by the end of the year. The plant is to employ 400 to 600 people.

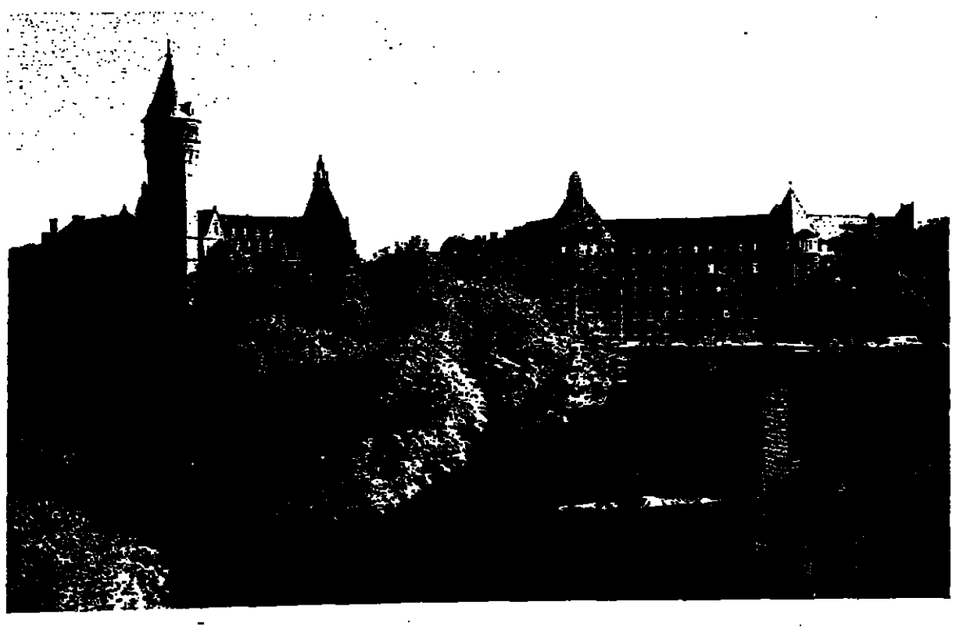
Over the long term, Arbed will be facing the big question of whether to remain a producer of raw steel. Its coal and iron ore supplies from France and West Germany are expected to be depleted by early in the next century, and it will then have to decide whether to find other suppliers or withdraw from the business.

But even if it decides to pull out, Mr. Raus said Arbed would certainly remain a producer of finished steel products, while purchasing the raw steel elsewhere.

"It's a question for the end of this century," he said. "At present, we see no solution."

JACQUES NEHER, a journalist based in Paris, is a regular contributor to the International Herald Tribune.

Arbed is at the core of Luxembourg's industrial base, employing 45 percent of this sector's work force.



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The financial sector of Luxembourg employs 8 percent of the active population and contributes 20 percent of the country's GNP.

EC Changes Threaten Status as Tax Haven

Continued from page 17

proposal was finally approved, reluctance remains over the second two stages of a plan advanced by the commission president, Jacques Delors. Stages two and three would lead to a central banking system and common currency.

The commission's proposed withholding tax is another point of irritation for Luxembourg. Although dropped from the EC's agenda for now, the tax is likely to be proposed again at a later date. Luxembourg authorities say that such a withholding tax would chase money out of Luxembourg and the rest of the European Community.

Mr. Poos called the proposal "an anti-European piece of legislation because it favored non-European financial centers."

"We are concerned to see that the EC doesn't knock itself on the head too often by trying to harmonize everything out of sight," said Robert Deed, associate director of TSB Private Bank International S.A. "But many people are less than convinced that harmonization or opening of markets need involve harmonization of tax levels of methods."

Tax harmonization remains only a long-term possibility. Mr. Deed believes, because EC members are concerned about flight capital. "If it goes out of Luxembourg to newly developed South Pacific tax havens, I don't think that serves the best interest of the French government or any other government in the EC. And tax harmonization would only drive capital further afield into less regulated areas," he said.

Home to 150 banks and 525 mutual funds as of last month, the financial sector of Luxembourg employs 8 percent of the active population and contributes 20 percent of the country's GNP. The total population is 380,000.

For the past two decades, the government has attracted banks with special incentives, such as a low reserve requirement. As a result, the fast growth of the financial center — in 1984 there were one-third fewer banks operating here —has led to a need for tighter regulation.

Two new pieces of legislation would reinforce the powers of the government to crack down on insider trading and place brokerage houses and financial intermediaries under the surveillance of the Luxembourg Monetary Institute.

Such legislation is one way Luxembourg is preparing for 1992, noted Charles Kieffer, commissioner of the Luxembourg Stock Exchange.

"Luxembourg banks are well aware that 1992 will impose modifications, changes and adaptations. But people here have a long experience of working in a big marketplace that dates back to the 19th century, so more than other Europeans, they think Europe and are better armed to confront the problems that 1992 will pose," said Damien Wigny, executive director of Kredietbank Luxembourgeoise.

Such problems include finding the means — especially the work staff — to sell financial products across Europe, as well as deciding how to package these products.

One question bankers are asking is whether a particular money management fund could be sold in ECUs in all markets, or whether it would have to be drawn up in each country's currency to be marketable, Mr. Wigny noted.

Since the early 1980s, private banking has become a big source of income for Luxembourg-based banks. Among other incentives, investors are drawn by Luxembourg's lack of withholding tax on capital gains, bank secrecy laws and absence of a value-added tax on gold transactions.

Luxembourg bankers are aware that freedom of establishment for financial institutions in 1992 will mean increased competition from other European banks offering the latest in financial instruments to a European private clientele. But they say they are confident that the advantages offered by the Grand Duchy, such as its sophisticated financial expertise, central geographical location and multilingualism, will continue to attract customers.

"What the investor really likes is stability in the politics of a country," Mr. Burghagen said. "What he dislikes is if the rules of the game are changed every fortnight. Luxembourg has demonstrated over the past decade that whatever party is in power there is a remarkable amount of stability."

By contrast, West German authorities last year implemented a 10 percent withholding tax on interest income, which has just been abolished nine months later by the new finance minister.

"That fact that new banks are coming to Luxembourg is a very positive sign," Mr. Wigny said. "And the banks that are arriving are coming from countries that until recently weren't represented here, such as Britain with Lloyd's and Barclay's."

Mr. Wigny believes that the arrival of such banks will stimulate business, since each bank brings with it its own clientele.

In the future, the role Luxembourg's banks have played as intermediaries for large borrowers will be replaced by asset-management services and more creative and sophisticated banking services to businesses, he said, adding that "we will have to act more like a financial research center than as a traditional bank."

Come 1992, "Banks will have to have a very clear strategy about where they want to go," said Paul K. Schminke, managing director of Landesbank Rheinland-Pfalz International S.A. "Our own is to look for wealthy private investors."

Mr. Burghagen said: "1992 will change to the advantage of Luxembourg. We banks in Luxembourg are used to free, borderless flow of capital against fierce international competition, but we were in our activities restricted to areas where borders were not fortresses, such as the U.K., West Germany, the Netherlands, Belgium and Denmark. If freedom of access to foreigners for financial services comes about, then our playing ground will be widened by such important markets as Spain, Italy and France. We will continue to play by our own rules of the game that we have developed over the years."

But in some cases, the rules are changing. The Luxembourg legislature recently approved a law that strengthens penalties for banks found to have been involved in laundering money.

In the BCCI scandal, although the illegal activities are alleged to have taken place in the United States, money laundering has become an issue for banks in Luxembourg, Mr. Burghagen said.

"So far, there have been no cases, but Luxembourg could become a potential target for criminal activity," he said. "It's a risk that is growing for Luxembourg because other places are becoming less attractive, such as Panama, because of the political situation there, and Switzerland, which has tightened its grip."

As for concern by other EC members that the free circulation of capital will result in a capital flight to Luxembourg, Mr. Poos said that already, there are no barriers to capital exchanges among six EC countries and that the rest of the EC is unlikely to result in huge capital shifts.

"The vast majority of investors will prefer to stay in their own country," he predicted.

MADLYN RESENER is a Paris-based journalist.

Reuters

Treasury Director Jacques F. Poos

Reinsurance Sector Gains Hold

By Jacques Neher

LUXEMBOURG — On its way to becoming the Bermuda of Europe, Luxembourg is having another banner year wooing reinsurance captives. And while that business booms, Luxembourg's government will soon begin considering proposals to develop the country as a center for pension fund administration — an entirely new category for the financial center.

In 1988, Luxembourg attracted 25 new reinsurance captives, bringing the total to 84 by year's end. Another nine companies have established captives in the Grand Duchy in the first five months, and an additional 12 to 15 are expected to sign on by the end of 1989.

"We don't need to sell ourselves much anymore," said Victor Rod, Luxembourg's Insurance Commissioner. "Luxembourg has succeeded in putting itself on the map as a serious reinsurance center. Companies now are coming here on their own behalf."

Authorities say captives are drawn to Luxembourg because of its central location in the European Community, the country's social and political stability, a strong banking community that can provide support services, multilingual facilities, the absence of exchange controls and the possibility of utilizing currencies other than the Luxembourg franc.

The business began developing after a law was enacted in 1984 that established the possibility for companies to create captive reinsurance companies in Luxembourg, permitting the Grand Duchy to compete with other well-known captive domiciles such as Bermuda, the Cayman Islands, Singapore, the Netherlands Antilles and the Channel Islands.

With a captive, a large company can insure a portion of its own risks, such as fire and business interruption. Instead of paying out much of its premiums to a private insurance company, it pays into its own captive.

By setting up a captive, a risk manager obtains more flexibility and power in controlling and developing global insurance plans for his company. The captive would normally have more buying power in purchasing its own reinsurance cover. It also gives the company the opportunity to set aside untaxed money for future losses — a fund that could play a key role in its financial planning since it can be tapped for loans back to the company.

Mr. Rod said he is targeting companies that currently pay out at least $2 million a year in insurance premiums. "It makes no sense to consider a captive if the amount is under that figure," he said.

Most of Europe's major car manufacturers have already established captives in Luxembourg, he said, including Volvo and Saab of Sweden, "and one of the French automakers." Many companies establish captives under other names to keep their internal insurance activities discrete.

The advantages of captives are not limited to industrial groups. Two French banks, Crédit Lyonnais and Banque Nationale de Paris, have also recently established reinsurance captives in Luxembourg.

Regulations in Luxembourg require a company establishing a reinsurance captive to have a minimum paid-up capital of 50 million Luxembourg francs ($1.2 million) — about 10 times the minimum for a captive in Bermuda.

By the end of 1989, the balance sheets of the 60 captives reporting for the full-year period totaled more than 39 billion francs, a figure that Mr. Rod expects to double to 80 billion francs by the end of the year when the newly arrived captives file their financial statements.

Much of the recent growth is attributed to a simple marketing campaign waged last year in which the insurance commissioner's office organized a reinsurance seminar for risk managers. "We expected 100 people at the conference, but we got more than 320," he said. "They were mostly from Europe, but also some came from the United States and the Far East."

As the potential market in Europe dries up — Luxembourg has already captured around half of the estimated 200 companies large enough to be considering establishing a captive — Mr. Rod has turned his attention toward the Far East.

"We hope to get our first Japanese company by the end of the year, and with that, others should follow," he said.

However, he is not holding out much hope on attracting American companies. "I went to the United States twice this year, but I can't see the economic necessity for American companies to set up captives in Luxembourg when they have Bermuda at their doorstep."

An estimated 1,300 to 1,500 companies have reinsurance captives domiciled in Bermuda.

However, Mr. Rod said there could be an opportunity for Luxembourg to attract the European operations of American multinationals.

The surge in captives domiciled in Luxembourg has sparked a boom in the specialized companies that actually manage the captives. Under the authorizing legislation, captives cannot be simple "mailbox" companies — as in Bermuda — but must be administered from Luxembourg.

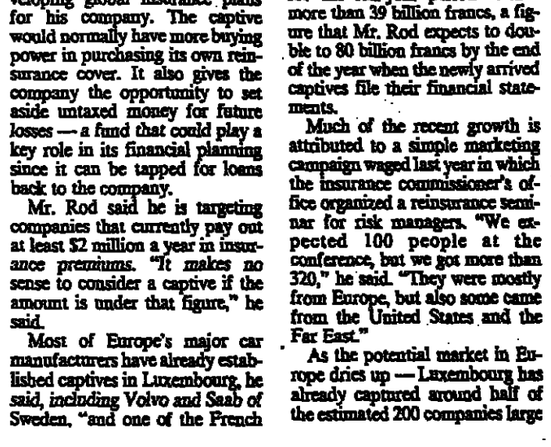
The business now supports 16 such reinsurance management companies, six more than a year ago.

"I see Luxembourg taking off for captives to a greater extent than up to now," said Ken Hall, managing director of Johnson & Higgins, the leading captive management company in the world, which has just arrived in Luxembourg. "There's a whole number of still untapped markets."

Though of relatively minor importance in terms of generating jobs — only 120 people are employed in the sector — the captive industry should provide a windfall in the coming years for Luxembourg's treasury.

Under the insurance legislation, captives are permitted to put premium income, and earnings on that income, in a special tax-free reserve to cover future losses. Only after the fund grows to at least 12.5 times the average annual premium income is it required to pay taxes. For some risks, the fund could remain tax-free until it reaches 20 times the annual premium income.

By the end of the century, when the size of many of the funds has appreciated past these thresholds — provided they are not drained for large claims — the captives are expected to become significant taxpayers.



Swedish manufacturer Volvo is one of several European automakers to have set up a captive in Luxembourg.

> 'We don't need to sell ourselves much anymore. Luxembourg has succeeded in putting itself on the map as a serious reinsurance center. Companies now are coming here on their own behalf.'

Belatedly, Dutch Make an Appearance

Netherlands' 'Big Four' Banks Open Branches a Decade After Most Others

By Ronald Van de Krol

AMSTERDAM — For years, Dutch banks were conspicuous in Luxembourg by their absence. Despite their close physical proximity to the Grand Duchy — and perhaps because of it — Dutch banks long preferred to concentrate their foreign expansion on more distant markets.

Recently, however, Dutch banks have flocked to Luxembourg. Now, more than a decade after West German, Scandinavian and American banks first started to "discover" the Grand Duchy, Dutch banks have finally set up subsidiaries in Luxembourg and are gradually beginning to build up a customer base.

Starting in late 1987 and continuing into 1988, each of the "Big Four" Dutch banks opened offices in Luxembourg. Of the four, Amsterdam-Rotterdam Bank N.V. (Amro Bank) was the only one to enter the Luxembourg market by acquiring an existing operation. The others —. Algemene Bank Nederland N.V. (ABN Bank), Nederlandsche Middenstandsbank N.V. (NMB Bank) and Rabobank Nederland — have preferred to build up their own operations from scratch.

So far, the scale of the new Dutch banks is relatively modest. Although none of the banks is prepared to divulge the extent of their Luxembourg balance sheets, the size of their Luxembourg work forces shows that operations are still in a start-up phase: Amro Bank has the largest staff with 26 employees and Rabobank the smallest with 10.

The sudden arrival of Dutch banks in Luxembourg, all roughly within a 12-month period, led two Dutch politicians to raise questions in parliament in March, suggesting that the banks may be helping their customers to evade Dutch taxes on interest income. The politicians wanted to know if Luxembourg is being used to get around new regulations requiring Dutch banks to tell the tax authorities, on request, how much interest they pay on accounts held in the Netherlands.

The banks angrily denied any involvement in tax evasion, saying that they scrupulously followed the letter of Dutch law and of laws in other countries where they do business. None of the banks advertises its Luxembourg branch in the Netherlands, and they all say that it is against their policy to advise customers to transfer funds abroad.

The finance ministry, replying to the questions in Parliament, said that banks in the Netherlands have instructed their staff not to execute any transactions that are contrary to the law.

"These instructions mean, among other things, that no advice may be given on how to avoid paying tax on interest income, so that clients may not be advised to open an account in Luxembourg and then to exclude the interest income from their tax form," the ministry said.

The relatively late arrival of the Dutch in Luxembourg reflects the fact that Dutch banks, with the exception of ABN Bank, were late to internationalize, and until recently, they concentrated their energies in such markets as London, New York and Tokyo.

Maarten Kleinjan, senior vice-president for international private banking at Amro Bank, said in an interview that initially Luxembourg had not been a priority for the bank.

"But Luxembourg's role as a financial center expanded so significantly that we decided that we wanted to have a presence there, too," he said. Another reason that Amro Bank did not move to Luxembourg earlier was that its Euromarket activities were concentrated in London, though these have now been scaled down in favor of Amsterdam.

Amro Bank's operations in Luxembourg place a heavy emphasis on private banking, but not to the exclusion of other activities. On the investment banking side, Amro Bank is also, for example, involved in private placements and syndicated loans.

Mr. Kleinjan said Amro Bank (Luxembourg) S.A. has a "nice geographic spread" of customers from Belgium, France, West Germany and the United States, with Dutch customers clearly in the minority. This partly reflects the fact that Amro Bank's Luxembourg branch grew out of a local securities house, Colugefi S.A. Amro Bank acquired a 51 percent stake in Colugefi in late 1987 and raised its holding to 87 percent in 1988, when the former broker was granted full banking status by the Luxembourg authorities.

Amro Bank is looking closely at the possibility of launching international investment funds in Luxembourg, though no final decision has yet been reached.

"We have a number of successful funds in the Netherlands, and their success makes you think about ways of offering something similar to international clients," Mr. Kleinjan said. "But it is obvious that a Swiss investor or a Singaporean investor will not feel a great need for a fund that invests extensively in guilders. So eventually we might want to launch a fund denominated in a somewhat more international currency."

Mr. Kleinjan said Amro was considering launching two or three international funds in Luxembourg sometime within the next 18 months.

"We might do an international shares fund or a bonds fund. We're looking closely into a number of possibilities," he added.

ABN Bank is also planning to investigate the possibility of launching investment funds in Luxembourg, according to Durk Visserman, the bank's regional manager for Belgium, Luxembourg, Greece, Italy, Spain, Turkey and Morocco.

"At the same time, we're also looking into, among other things, what we can do for companies in the transportation sector. Luxembourg is emerging as an attractive place for transportation companies to be located," he said in an interview in Amsterdam.

ABN's Luxembourg operation aims to cover a range of services varying from private to commercial banking.

"We don't want to concentrate just on private banking, because our Luxembourg office is not an isolated location for us but part of our wider network strategy for Europe," Mr. Visserman said.

"One thing which we'll definitely do later this year — and which we've done in all other European countries — is to open a Dutch desk in Luxembourg to help our small and medium-sized Dutch corporate clients do business in Luxembourg," he said.

Mr. Visserman said that ABN expected its Luxembourg subsidiary to emerge from its start-up losses within two years, a goal that was set in the past for the bank's other foreign subsidiaries. ABN has been expanding rapidly in Europe in recent years. After its recent receipt of a banking license for Portugal, ABN is now poised to become the first European bank to have offices in all 12 member states of the European Community.

RONALD VAN DE KROL, a freelance journalist based in Amsterdam, writes for the International Herald Tribune.

John Capes-van Hasselt

Of Dutch banks, only Amro gained a Luxembourg foothold by buying an existing operation.

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Quick Reflexes Help Nordic Banks Expand

By Michael Metcalfe

COPENHAGEN — The Nordic banks in Luxembourg have come of age, maturing into a mainstay for the Grand Duchy's 150 banks and myriad financial institutions. If new Scandinavian finance houses are not springing up at quite the same rate as before in the offices lining the Boulevard Royal, the partial explanation is that Luxembourg's banking sector — and with it Nordic representation — has attained a sturdy middle age.

Its maturity as a Euromarket axis has coincided with a reappraisal of Eurolending activities by the Nordic banks, a tightening of regulations by banking supervisory bodies the world over and marked changes in the lending patterns making up the Euromarket banking system ahead of the European Community's forthcoming integrated financial market.

Gone are the heady days when Nordic banks flocked to Luxembourg to cash in at the start of Euromarket lending and Eurobond funding. That was replaced by a period of calmer yet steady growth into new areas, including the diversification into fee-generating activities associated with private banking.

The main reason that the 16 Nordic banks represented in Luxembourg are not lagging in the race to tap new sources of income is the observation that they responded quickly and decisively to new and rapidly emerging patterns of investment and funding, including that from the mushrooming private investor community. This action has had important repercussions for the Nordic banks' prominence in Luxembourg.

"This new phase is characterized by the development undertaken by a number of Nordic banking operations in the Grand Duchy of a broader range of operations and services offered more specifically to private and institutional investors," said a senior Nordic banker in Luxembourg.

He cites these activities as including portfolio management, trust business and gold transactions, as well as expert advice to individuals and institutions on problems directly or indirectly related to banking and finance.

Another Nordic banker gave his view of the reasons behind Luxembourg's popularity with the monied Nordic investor, citing: "Legislation on bank secrecy, existence of a full universal banking system, no minimum reserves, no VAT on gold, no disturbing tax regulations for foreign customers, an efficient banking supervision, political and social stability, no sudden and tough changes in the legal environment relevant to investors — in short, a high degree of reliability."

Cashing in on this reliability has taken various forms. Each of the banks from Denmark, Finland, Norway and Sweden has proved adept in carving out a niche in the Grand Duchy's increasingly competitive private banking sector, adapting and honing individual corporate strategies to meet a more specialized and more discerning demand for clients.

Moreover, each bank has pursued its own strategy in terms of building up its private customer base, offering its own brand of services and developing its own product mix. As the degree of private banking emphasis varies from bank to bank, so does the proportion of profits stemming from the range of services offered.

In the case of the Norwegian banks, hit by record losses on loans and guarantees in their domestic business over the past two years, their lucrative Luxembourg operations helped them to emerge from this crisis leaner and more profitable.

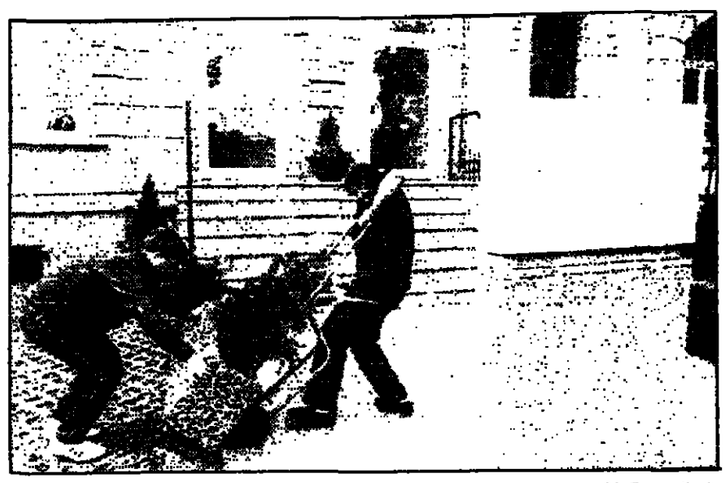
While stringent cost-cutting measures sliced deep into commercial and investment banking, private banking outlets in such financial centers as Luxembourg largely escaped the scalpel. Income from private banking operations in the Grand Duchy played a key role in pursuing a strategy of consolidation to bridge bad times in a period of retrenchment.

For example, the Luxembourg operations of Norway's largest bank, Christiania bank og Kreditkasse, which is now in its 16th year and is the largest Nordic bank represented in the Grand Duchy, reported a 19.9 percent advance in assets in 1988 to 87.8 billion Luxembourg francs ($2.1 billion), with operating profits gaining over 20 percent to 365 million francs.

Erik Juell, assistant general manager of the unit's private banking division, confirms the general attitude of senior Norwegian bankers that the Luxembourg operations of the Norwegian banks were unaffected by the crisis at home and, in fact, helped to mitigate losses for their troubled parents.

"Down here [in Luxembourg], the picture is totally different; we don't provide loans unless they're backed by securities, deposits or guarantees. So we're always covered and haven't experienced any losses at all," he noted.

Unlike the parents, the Luxembourg subsidiaries have not found it necessary to undertake a major overhaul of their corporate structures. Nor have priorities or strategies changed.



John Cope-van Hasselt

Nordic banks have been adept at carving out a niche in private banking.

Christiania Bank Luxembourg is still expanding private banking services, particularly in the field of investment advice, to high net-worth individuals and private customers in the Benelux and German-speaking areas of the Continent.

Den norskee Creditbank (DnC) also increased its Luxembourg subsidiary's operating profits in 1988, bringing them to 552 million francs from 516 million francs in 1987, while slimming its balance sheet total to 51.2 billion francs from 64.6 billion.

For the Swedish banks, including Skandinaviska Enskilda Banken, Svenska Handelsbanken and PKbanken, maintaining subsidiaries in Luxembourg has in the past meant primarily meeting the financing requirements of Swedish companies and their network of subsidiaries abroad. But here, too, personalized banking services catering to the wealthier individual are playing an increasingly important role.

The Danish banks in Luxembourg have also considerably expanded their private banking and investment fund services.

London Making Inroads in Bond Market

LUXEMBOURG — With London nipping at its heels, Luxembourg is trying to prevent losing market share as a listing center for Eurobonds. Nevertheless, Luxembourg bankers say they are not too concerned, claiming they can still undercut London in cost and time to get a bond issue listed.

In 1988, 1,181 new bonds were listed at the Luxembourg Stock Exchange, a slight increase over 1987, when 1,125 joined the market. In value, the combined new issue amount rose to $97.89 billion from $94 billion in 1987.

The new listings brought the total at the exchange to 5,355 bonds with a combined issue value of $830 billion.

The pace has picked up this year, with 437 new bond listings through the end of April. If the rate were sustained, it would result in about 1,300 listings this year, an increase of 10 percent.

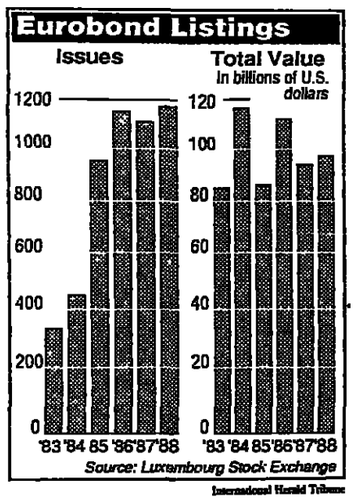
But Eurobond issuers are beginning to try listings on the London market, attracted by new procedures introduced last fall that reduced lead times and costs for issuers.

For example, issuers are no longer required to place tombstone advertisements during an issue, and prospectuses can be typed, instead of having to be printed. In addition, listing fees in London are now capped at £4,000 ($6,200).

Michel Maquil, secretary-general of the Luxembourg exchange, acknowledged that London is beginning to make inroads into the market, attracting 10 listings last year that could have been listed in Luxembourg.

"We have more than 80 percent of all the listings issued, except for those that have no choice and have to be listed in other markets," Mr. Maquil said.

In 1988, there were a total of 193 issues listed in London with a total issue value of $29.89 billion, according to International Financing Review. For the first four months, there were 87 listings totaling $14.14 billion. In all, there are currently around 1,800 Eurobonds listed in London.



With such a high market share, Mr. Maquil said, "we can only lose." He also added: "I'm convinced we'll keep the most important share."

His optimism is fed by Luxembourg's ability to beat the competition in speed. Luxembourg bond listing specialists say they can get an issue listed in an average of 10 days, and sometimes in five days, depending on the complexity.

"In London, they still need at least three weeks," said Frank Reinert, assistant manager of listings at Banque Internationale à Luxembourg, one of three banks, along with Banque Générale de Luxembourg and Kredietbank, that specialize in listing bonds.

Though costs are coming down in London, he said, there was a still a significant difference between the two financial centers.

"The average fee for listing in Luxembourg is 50,000 francs, which is peanuts," Mr. Reinert said. "It's at least four times that amount in London."

However, London brokers, who handle most of the listings on that market, refute that claim, saying the overall charges are almost equal.

In 1988, turnover on the Luxembourg bond market fell 8.4 percent to $581 million, although when measured in local currency, the value of transactions rose 2 percent.

Mr. Maquil said the turnover figures reflect the fact that volume in the over-the-counter Eurobond market "has come down from very high levels two years ago to more realistic levels."

Eurobonds denominated in dollars continue to represent the largest part of the new listings registered in Luxembourg. Of the 1,181 new listings last year, 490 of the bonds were in dollars, or 41 percent of the total issues. That pace has picked up this year, with 198, or 45 percent, of the bonds issued in dollars.

The yen is holding on to second place, though slipping, with 58 bonds through April, or 13 percent of the total. Last year, 180 new bond listings were denominated in the Japanese currency, or 15 percent.

Gaining importance this year are bonds in Australian dollars. Listings totaled 56 in the four-month period, or 12.8 percent, up from 121 or 10 percent in 1981.

The European Currency Unit gained a little strength as a bond currency, representing 7 percent of the new listings through April versus 6 percent last year.

Jacques Neher

Mutual Funds Reap Benefits of 1988 Law

LUXEMBOURG — The mutual fund industry in Luxembourg is experiencing a boom as result of a 1988 law that paves the way for the debut of pan-European marketing of funds this fall.

Funds domiciled in the Grand Duchy have grown steadily since 1983, reaping business from legislation that give the funds certain benefits — principally an exemption from income taxes and from withholding taxes on dividends. But the pace picked up last year, after the government became the first in the 12-member European Community to enact a 1985 EC Commission directive on funds.

Last year, 217 applications for new funds were received by the Luxembourg Monetary Institute (IML) the financial industry's watchdog. Through the first four months of 1989, another 67 applications were submitted.

About 200 new applications are currently under consideration, a record level, said Charles Stuyck, chief of the IML's investment fund department.

At the end of 1988, there were 525 investment funds registered in Luxembourg, 100 more than at the end of 1987. Another 75 funds have been approved since the beginning of this year; that does not include the sub-units of umbrella funds, which are not required to be registered.

The Luxembourg Stock Exchange, which counts sub-units, added 258 listings last year, bringing the total to 691 listings. The total rose to 774 listings by the end of April.

The total market capitalization of the Luxembourg-based funds at the end of 1988 was 1.407 trillion Luxembourg francs ($33.8 billion), up 36 percent from the end of 1987, when 445 funds, reeling after the October 1987 crash, posted a total market capitalization of 1.032 trillion francs.

The new applications being considered by the IML come on top of the 463 funds that were in existence before the March 1988 law. Their promoters have since reregistered the funds in order to take advantage of the legislation.

"A large percentage of them will be approved by Oct. 1," Mr. Stuyck said.

On that date, a promoter that has registered its fund in a country that has adopted the EC directive will be free to market shares in any other EC member state. The other 11 countries are pledged to pass similar legislation by Oct. 1.

The directive on UCITS, or Undertakings for Collective Investment in Transferable Securities, lays out common minimum rules for the control, structure, investment policies and public disclosure for the funds.

For example, it prohibits funds from purchasing precious metals. It also forbids funds from putting more than 10 percent of their assets in a single investment, unless that investment is issued or guaranteed by a member of the EC, in which case the maximum threshold rises to 35 percent.

The aim of the directive is to provide a minimum level of protection for investors throughout the EC, thus surmounting the political and legal obstacles that up to now have prevented the marketing of investment funds across borders in the Common Market.

"We have a certain advance on the other countries, which has attracted new funds to Luxembourg, but it's difficult to anticipate how the promoters will try to take advantage of the cross-marketing opportunities," Mr. Stuyck said.

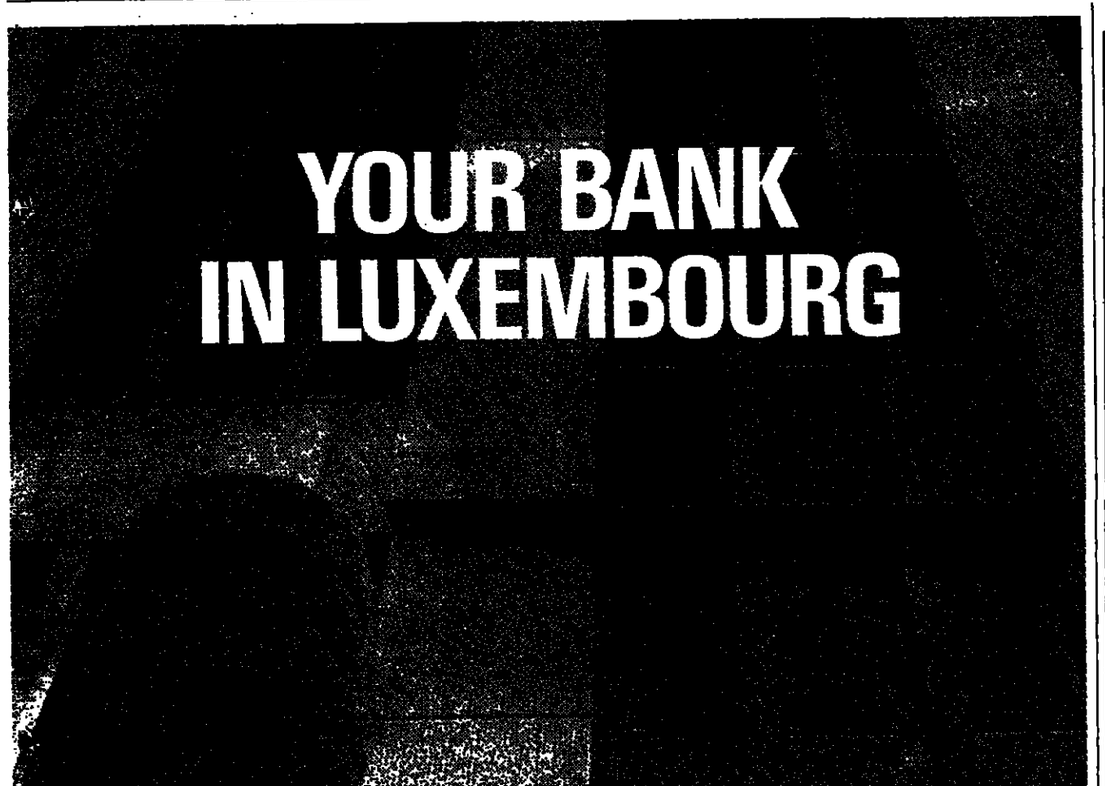
Although funds registered in Luxembourg, or in any other EC member country that has enacted the directive, will have access to the entire European market, they will be required to abide by local advertising restrictions.

This could make cross-border marketing efforts in some countries difficult, if not impossible, say promoters.

"Theoretically, we'll be able to distribute our funds throughout the community, but in in practice, we'll only have as much freedom as there is in each country," said Richard Eats, marketing director for GT Unit Managers, a London-based fund promoter that has established 10 general funds in Luxembourg.

For example, it would prove nearly impossible to market funds in West Germany, where aggressive fund advertising that touts a fund's performance is prohibited. "You can say you exist, but that's about all," Mr. Eats said.

Jacques Neher



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SPORTS

'A Lot of Running Around': U.S. Football Comes to Moscow

By David Remnick
Washington Post Service

MOSCOW — The Boomers were kicking the Stars around, en route to winning, 28-6, with a triple reverse here and an on-the-run bomb there. But the crowd seemed happiest when anarchy was unleashed on the field in the form of a fumble or a punt.

"It all looks like a lot of running around to me," said one spectator, Sergei Dokin. "I can't quite make it out but it's fun."

What "it" was was two teams of Oklahoma high school boys helping introduce football, American-style, to the Soviet Union.

The two teams of all-stars, the Oklahoma Boomers and the Oklahoma Stars, played their hearts out in Dynamo Stadium on Wednesday night in the first game of their 15-day Soviet tour.

The crowd, estimated at 8,000 to 10,000, seemed to enjoy it, although the country has had little previous exposure to the game. The spectators were nonplussed by the touchdowns, but loved the great arc of the kicks and punts.

"I think that's their soccer background coming into play," said Matt Cook, a quarterback for the the Boomers. "It's hard to imagine a place where the highlight is the extra points."

Moscow Radio has been advertising the games here and in Tallinn and Lemingrad for days, and a small crowd even showed up Tuesday for practice. The most enthusiastic among them may have been a group of six teen-agers from Chelyabinsk, a town 1,945 kilometers (1,200 miles) to the southeast of Moscow. They are members of a team that has been playing U.S.-style football since 1987 and the team's president, Alexander Kovrigin, said it is the country's first and only such club.

For equipment they use motorcycle helmets with soddered iron crossbars, waterproof life vests, hockey pads and a rugby ball.

"We came all the way here to Moscow just to see this," said Kovrigin. "We'd seen a few film clips on pirated videocassettes, but not much. When I was in the marines, I tried to play a little bit just to keep my legs from turning to stone.

"They say people get murdered in American football," he added, "but that's all ridiculous."

The Oklahomans' idea of bringing football to the Soviet Union started several years ago, when Dan Crookham, the athletic director at Rodgers High School in Tulsa, and some friends were drinking "iced teas" as they watched on television the Dallas Cowboys play the Chicago Bears in London's Wembley Stadium.

"Wouldn't that be something to bring our boys over to London?" one remarked.

"Well, how about Russia?" another answered, and Crookham, a Sooner Quixote braced with iced tea and ambition, set things in motion.

> **'The first thing the Russians wanted to know from us was, "How many players are gonna get killed?" They were extremely concerned about broken bones.'**
>
> **Dan Crookham, the tour organizer**

In a tale of bureaucratic woe consistent with a Muscovite's daily experience, it took about a year for Crookham to make contact with the appropriate authorities.

"The first thing the Russians wanted to know from us was, 'How many players are gonna get killed?' " Crookham said. "Swear to God. I said, 'The only one who gets killed in Oklahoma high school football is the coach — if he doesn't win.' "

"The Russians didn't know anything much about the game except that large people were involved," he said. "They were extremely concerned about broken bones."

But the Soviets did cut themselves a sweetheart deal: the Americans would pay their own way, and the Soviets would take 100 percent of the gate. Tickets would be sold for four rubles (about $7) each.

"What the heck," said Crookham, who has no future as a labor negotiator. "We said, 'Let's go.' "

Crookham spoke Wednesday night as he stood on the sidelines watching the players race up and down the artificial turf.

It was clear at game time that not a soul in the crowd — save the few U.S. students studying at universities around Moscow — knew a red dog from a hot dog, but they were intent on whooping it up in fine Sooner style. Although the teams had only a week to prepare and the offenses were running on about a dozen set plays, there was enough breakaway action to keep the crowd interested.

Some fans even wore their American finery. Yuri Bogomolov wore a T-shirt that said, "He's tan. He's rested. And he's back. Nixon in '88."

"I hear Nixon loved football," he said, "and I do, too."

Waitz's Spouse Can Run, Too

Compiled by Our Staff From Dispatches

Waitz: 'Too stunned to move.' NYT

NEW YORK — Grete Waitz, the nine-time winner of the New York Marathon, let her husband, Jack, do the running Wednesday when her backpack was snatched by a thief in downtown Manhattan.

Waitz and her husband, who live in Oslo and were in New York on business, were on the southeast corner of Seventh Avenue and 51st Street at about 2:40 P.M. when they were accosted.

"She was a victim of the ketchup con game," said Sergeant Victor Pucci, of the Midtown North Anti-Crime Unit. "This is a well known scam, to distract the victim long enough to put her property down. We make a lot of arrests for that."

One man squirted hand lotion on Waitz's back. Another man pointed out the lotion to her and began to help her wipe it off. As Waitz put her pack between her legs while she wiped the lotion off her clothing, a third man grabbed the pack, which contained two raincoats and $40, and ran down Seventh Avenue.

"I was too stunned to move, but Jack ran after the men," said Waitz.

"I'm a little faster in the sprints," said her husband, whose chase drew the attention of Pucci and two other nearby policemen. They jumped out of their patrol car and arrested Carlos Fagardo, 24.

Pucci said the Fagardo "would have been in big trouble if she had been the one running. She would have caught up with him." *(Reuters, AP)*

Mark Baker/Reuters

Fullback Garvin Hastings, on whom the Lions' match may hinge.

Rugby's Big Day Looms Ominously for French and Lions

By Bob Donahue
International Herald Tribune

PARIS — Saturday will be a big day for rugby: France plays New Zealand in Auckland, and the British Lions take on Australia in Sydney. A double bill like that is about as rare as a test match without penalty goals.

Circumstances add to the drama, starting with the consideration that, in Auckland, it will be the world's No. 1 versus No. 2. The All Blacks are tops, France is the challenger *(see Scoreboard)*.

For Australia, which hasn't beaten the British Lions since 1930, a lot of prestige will be riding on the three-test series that starts in Sydney; on the other hand, the Lions, as a team, may be dead unless they play well.

The day, too, will see the most prolific try-scorers in the history of international rugby in action: David Campese for Australia and Serge Blanco for France.

And Grant Fox of New Zealand and Michael Lynagh of Australia are record-breaking placekickers.

The forwards' combat — for possession of the ball, to gain ground in massed surges or simply to intimidate — may be uncommonly fierce in Sydney. The Lions have played forward-based power rugby in their provincial warm-up matches, and Australians don't like being overpowered.

"They ought to know we'll whack them back," Steve Cutler, the veteran lock, said with a growl the other day after what Nick Farr-Jones, the Australians' captain, described as "a dockyard brawl."

The Lions' camp is ignoring Australian growls and counting on an impressive array of forward talent: David Sole and David Young at prop, hooker Brian Moore, Bob Norster and Paul Ackford at lock, Derek White and Finlay Calder on the flanks and Dean Richards at No. 8.

"I couldn't be happier going into the first test," Calder, the captain, said after Wednesday's announcement of the team to be fielded.

It numbers five Scots, five Welshmen, four Englishmen and just one Irishman, center Brendan Mullin. England, whose forwards did most to beat France last March, supplies only one back, left wing Rory Underwood. One of the Scots is the man on whom the test may hinge: Gavin Hastings, the fullback who will do the goal kicking.

Selection for a Lions' test has been the supreme honor since British and Irish players began steaming to the Southern Hemisphere at the turn of the century. But the Lions lost three out of four tests in New Zealand in 1977, three out of four in South Africa in 1980, and all four in New Zealand in 1983. Another poor showing would strengthen the case for disbanding the team and letting England, Wales, Ireland and Scotland get on with challenging the Southern Hemisphere powers individually.

The four British Isles national unions (with all of Ireland as one of them) play separately in the quadrennial World Cup tournament, the second of which is to be contested in late 1991.

While the Lions now field an unsettled assortment of players, Australia still has eight of the 15 men who almost beat France in a semifinal of the first World Cup in Sydney in 1987. New Zealand does better, fielding 11 members of the team that beat France in the final in Auckland. France, like Australia, fields eight veterans of that tournament.

Saturday's rematch in Auckland is the second and last test in France's tour. In Christchurch, on June 17, the French fell far behind by 18-0 in the first half, but recovered to 18-17 in the third quarter. They then wasted goalkicking chances, and the All Blacks finished as relieved winners, 25-17.

"We'll have to start the second test the way we started the second half of the first one," said No. 8 Laurent Rodriguez. That assumes the French kick goals this time. It also supposes that Rodriguez and his fellow forwards can last the distance — that their work on tour has brought them to All Black levels of fitness.

French teams have done poorly away from home in the 1980s. On its turf, France has won 82 percent of its tests. But on the road it has lost 60 percent — and New Zealand has won 84 percent of its tests at home. Jacques Fouroux, France's coach since 1981, talks of "emotional fragility."

Home advantage is in the mind, the adage has it. The French squad went into seclusion Thursday for Fouroux to perform some strenuous mind-bending. Still, New Zealanders remember 1979, when France lost heavily in Christchurch and then won grandly in Auckland on July 14, the French national holiday — and would be surprised but not astounded if it happened again.

The French and New Zealanders have been exchanging accusations of rough play. Fred Howard, of England, might have as tough a refereeing assignment in Auckland as Keith Lawrence of New Zealand will have in Sydney.

Win or lose, Wayne Shelford's All Blacks will stay on top of the eight-nation table. New Zealand hasn't lost since November 1986, to France, in Nantes. Its current tally of 49 tries in its last 10 tests against major countries is unmatched in the history of international rugby.

Blanco, the 30-year-old fullback from Biarritz, will set a world record with his 70th appearance for his country. Mike Gibson reached 69 caps for Ireland in 1979, not counting matches for the Lions, and Roland Bertranne of France equaled that in 1981.

Blanco reached a career total of 29 tries with his two in Christchurch two weeks ago. Australia's Campese has 32 tries. Those two backs have wiped out a world record that had stood since 1933, when Ian Smith scored his 24th for Scotland.

The only time the Lions and France have played previously on the same day was on July 13 and 27 in 1968, when the French were in New Zealand and the Lions were in South Africa. All four tests were lost by the visitors.

France and the Lions will meet for the first time Oct. 4 in Paris, in a match arranged as part of the 200th anniversary of the French Revolution.

Meanwhile, the Southern Hemisphere's international season continues with Lions' tests in Brisbane on July 8 and in Sydney on July 15, while Argentina tours New Zealand. Then New Zealand and Australia will clash.

The South African Rugby Board wants, as a 100th birthday present, a team of stars from the other major countries to come and play the Springboks in August. But South Africa has not been given an official major match since England went there in 1984, and the names of the invited players are being kept secret.

In October and November, Australia will tour France while New Zealand goes to Wales and Ireland.

BOOKS

LETTERS OF MAX BEERBOHM 1892-1956

Edited by Rupert Hart-Davis. 244 pages. $22.95. W. W. Norton & Co., 500 Fifth Avenue, New York, N. Y. 10110.

LETTERS OF ARTHUR SYMONS

Edited by Karl Beckson and John M. Munro. 289 pages. $35. University of Wisconsin Press, 114 N. Murray Street, Madison, Wis. 53715.

Reviewed by Michael Dirda

IN 1894 the first issue of The Yellow Book appeared, followed immediately by squeals of outrage. After all, in its Beardsley-illustrated pages Max Beerbohm — a young man, mind you, still an undergraduate — penned a defense of cosmetics; an only slightly older Arthur Symons contributed a risqué poem, "Stella Maris," in which imagery traditionally associated with the Virgin Mary was attached to a common prostitute. The earnest Victorian heyday was over; the lilies and languors of virtue swooned in shock before the raptures and roses of vice.

Today Max Beerbohm (1872-1956), as throughout most of his life, is revered as the last great dandy, author of the best parodies ever written ("A Christmas Garland"), the prose stylist whom Evelyn Waugh looked up to and one of the most devastating of all caricaturists. His single novel, "Zuleika Dobson," ranks as a comic masterpiece, an extravagant fantasia on Oxford life, starring a heroine so dazzling she ultimately induces mass suicide among the undergraduates. Even more outstanding is Beerbohm's homage to the 1890s, "Enoch Soames," a portrait of the most decadent genius of all (author of "Negations" and "Fungoids"), utterly neglected in his time, who makes a pact with the devil so that he can travel to the future and look up his name in the card catalogue of the British Museum.

Every fan of Beerbohm — their number is legion — will want this selection of his letters. They are, for the most part, merely charming bread-and-butter notes, brief messages of condolence, artful acts of courtesy; but none is less than perfect. Revelations about his art or life are naturally few. Some sentences written to his future wife Florence suggest their marriage was, by mutual agreement, unconsummated — "that other sort of caring is beyond me." One exchange shows Beerbohm campaigning behind the scenes to elect Lytton Strachey to the Athenaeum Club. (Max deeply admired Strachey's "Eminent Victorians," preferring it and Arnold Bennett's novel, "The Old Wives' Tale," to any other books written in his time.)

Unlike Beerbohm, Arthur Symons has gradually sunk into that special purgatory reserved for the once-famous, now nearly forgotten. He deserves revival though, both as a personality and as an appealing biographical essayist, a chatterer, less Olympian Edmund Wilson. This volume of letters, along with Karl Beckson's superb "Arthur Symons: A Life," should help win him new readers.

In Beerbohm's letters one finds a courtly gentleman, hobnobbing with aristocrats, homosexuals and hostesses. By contrast, Symons's letters — really memos and field reports from Grub Street — reveal a steam-age dynamo, writing poems, reviews, essays and travel articles; editing Shakespeare plays; translating French poets and novelists; composing lyrics for music by Arnold Dolmetsch; currying favor from the top men of literary London; carrying on love affairs with teenaged actresses; editing The Savoy, probably the best 1890s magazine; trading ideas with Havelock Ellis and mistresses with George Moore; popping mescal buttons; finding the young James Joyce a publisher for his poems; discovering a lost Casanova manuscript; listening to Yeats pour out his heart about Maud Gonne; and praising Conrad as the greatest living novelist. As if that weren't enough glamour and decadence, Symons also suddenly, at age 43, went stark, raving mad.

Michael Dirda is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

THE mysterious auction shown in the diagram produced what may well be the largest penalty ever conceded by experts on a major occasion. It happened in mid-May in the Cavendish Team event in Manhattan, and the proceedings were influenced by bidding screens: no player could hear any explanation given by his partner. North and South were Joel Friedberg and Ethan Stein. East and West, quietly enjoying the view, were Jacqui Mitchell and Bill Roberts. Friedberg and Stein are one of the numerous partnerships experimenting with transfer three-bids. These can be designed in various ways, and it soon became apparent that the two players were not on the same wavelength. North explained to West that his opening three-spade bid was preemptive with diamond length. South explained to East that it was preemptive with length in clubs. Which of them was theoretically correct history does not record. Next, North explained to West that four clubs was an Ogust inquiry about the strength of the diamond suit, and that the redouble showed a strong suit. South was slightly mystified by this development, but assumed that his partner wished to shoot it out with a very long, strong club suit. South exploded with laughter when the dummy appeared. The penalty for down ten redoubled and vulnerable was 5,800. The imp scale stops at 4,000, and the value of the normal six club slam for East-West was 920 for a difference of 4,880. East-West and their teammates won 24 imps, the maximum on a deal; but, in spite of this heavy blow, North-South's team won the match.

NORTH (D)
♠ 105
♡ 983
◇ AQJ9863
♣ 7

WEST	EAST
♠ AK93	♠ Q76
♡ K10	♡ AQ754
◇ 104	◇ K
♣ KQ942	♣ A1083

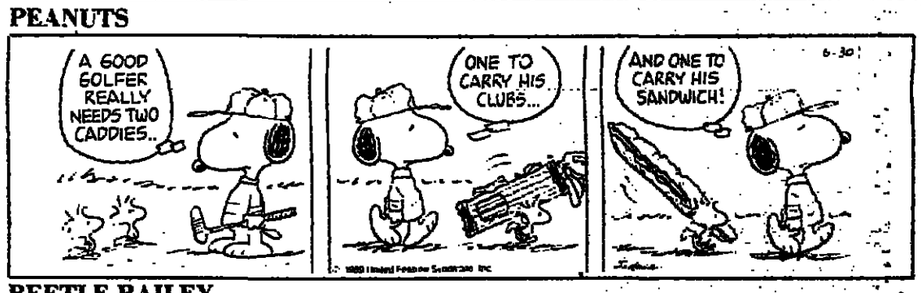
SOUTH
♠ J842
♡ J62
◇ 752
♣ J65

North and South were vulnerable
The bidding:

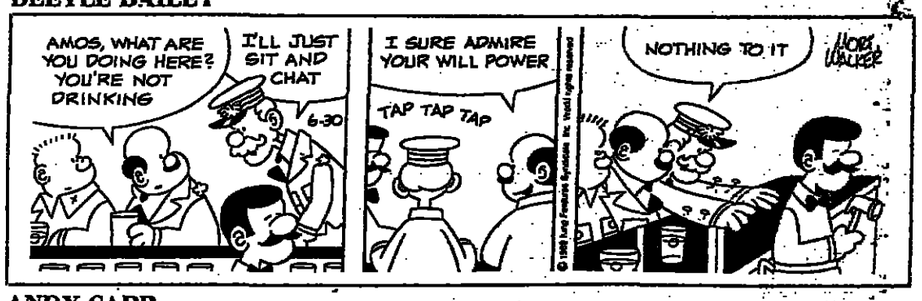
North	East	South	West
3 ♠	Pass	4 ♣	Dbl.
Redbl.	Pass	Pass	Pass

West led the spade king.

PEANUTS

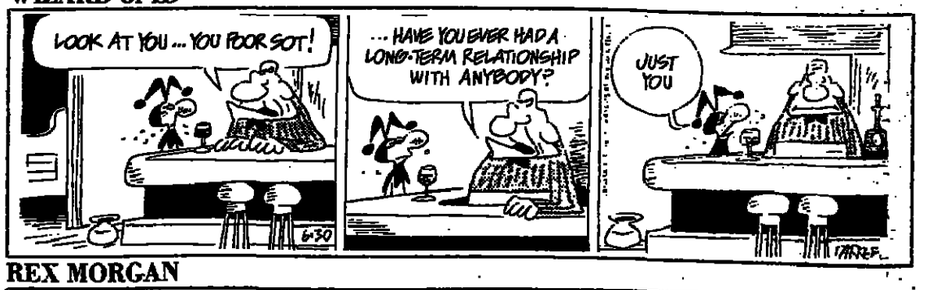


BEETLE BAILEY



ANDY CAPP

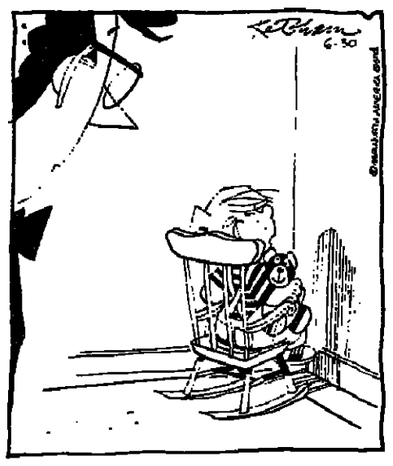
WIZARD of ID



REX MORGAN

DOONESBURY

DENNIS THE MENACE



I'M HERE BECAUSE I WAS ACTING MY AGE."

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

MORRA

CNOTH

LOWALT

DEEMLY

WOMEN DETEST FLATTERY, ESPECIALLY WHEN IT'S DIRECTED TOWARDS THIS.

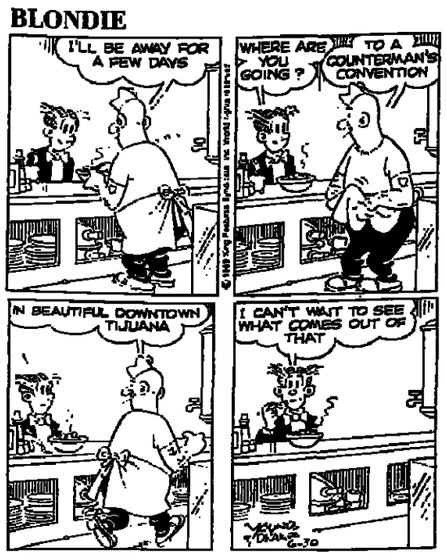
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon

Answer here: _____

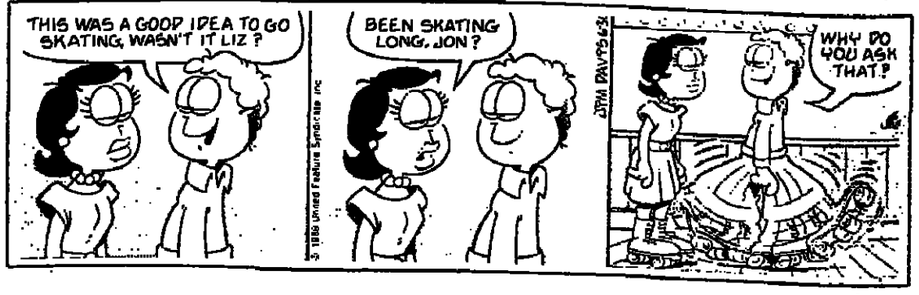
(Answers tomorrow)

Yesterday's Jumbles: HEAVY YOUTH TUSSLE DISOWN
Answer: His aptitude for platitude creates this in his audience—LASSITUDE

BLONDIE



GARFIELD



SPORTS

Dave Caulkin/The Associated Press

Dave Caulkin/The Associated Press

Zina Garrison, right, questions a line call during her loss to Louise Field, while Boris Becker, above, was sliding to an easy victory on Center Court over Richard Matuszewski. In the stands, Queen Noor of Jordan receives a welcome from the Duchess of York in the Royal Box. Queen Noor broke an unwritten All England Club rule against wearing hats, but officials politely did not request that the queen remove it.

Russell Boyer/Reuters

Sabatini Is Upset But Becker, Evert And McEnroe Gain

Compiled by Our Staff From Dispatches

WIMBLEDON, England — Gabriela Sabatini, the women's third-seed, was the victim Thursday of one of Wimbledon's biggest upsets so far, but John McEnroe overcame spotty play and a run-in with the umpire and Chris Evert rallied from a poor start as both advanced to the third round.

The fourth day of the tournament, which began about three hours late due to rain, was marked by one other major upset as No. 5 Zina Garrison lost to Louise Field of Australia.

Ros Fairbank of South Africa, a solid grass-court player who almost upset Martina Navratilova last year, beat Sabatini, who is more at home on clay, 6-4, 6-3.

"The match just finished without me and I've not really realized yet that I lost," Sabatini said.

In 16 appearances in the four Grand Slam tournaments, the Argentine has reached only one final. That was in the 1988 U.S. Open, when she was beaten in three sets by Steffi Graf, the West German whose career has continued on an upward curve while Sabatini's has faltered.

Other seeds had better luck, including two-time champion Boris Becker, who won in straight sets *(see Scoreboard)*. Also advancing were 4th-seeded Mats Wilander of Sweden, 7th-seeded Miloslav Mecir of Czechoslovakia and Americans Tim Mayotte, the 8th seed, and Aaron Krickstein, the 13th seed.

Women advancing were French Open winner and 7th-seeded Arantxa Sanchez of Spain, No. 8 Pam Shriver of the United States, No. 9 Natalia Zvereva of the Soviet Union, No. 12 Mary Joe Fernandez of the United States and No. 14 Hana Mandlikova of Australia.

Evert, the fourth seed and a three-time Wimbledon champion, came back from a 5-1 deficit in the first set to beat fellow American Hu Na, 7-5, 6-3.

McEnroe, who needed the comeback of his career to survive a first-round scare from Darren Cahill, beat fellow American Richey Reneberg in four sets.

Seeded fifth, McEnroe lost five straight games in the second set and began the third with a service loss. When he tossed his racket during the changeover, umpire Bruno Rebeuh of France gave him a warning for racket abuse.

McEnroe exploded. "That took a lot of guts," he yelled. "An excellent decision."

Although he questioned some line calls — and muttered repeatedly to himself — McEnroe kept his temper in check and turned his game around just when it looked as if he might be eliminated in the second round at Wimbledon for the second straight year.

With Reneberg leading 3-2 and 40-0 in the third set, McEnroe battled back to deuce four times, then broke to even the match when Reneberg sent a volley long.

He held serve, broke at love for a 5-3 lead and served out the set on his fifth of eight aces, then broke twice in the fourth set.

"He tried hard," McEnroe said afterward. "I tried hard. He had games where he got hot. I had games where I got hot. I just got hotter at the right time."

Field, ranked 121st in the world, had not gotten past the second round in a Grand Slam tournament before beating Garrison of the United States. Garrison dominated play before slumping in the second set. She rallied from five games down to tie it 5-5 in the third and survived a fourth match point when Field served her eighth double-fault in the 10th game.

But Field broke Garrison and then served out the match.

"The chances were there," Garrison said. "I just didn't take them. It's not like she blew me off the court." *(AP, Reuters)*

WIMBLEDON TENNIS

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VANTAGE POINT/Bud Collins

The Mellowing McEnroe

International Herald Tribune

WIMBLEDON, England — Only a few miles from the park in Liverpool named Strawberry Fields — brought to our attention once upon a time by some local lads called the Beatles — John Patrick McEnroe Jr. was contemplating his own hard days' nights in England.

"It's put-up or shut-up time," he said of Wimbledon last week during the Wirral International, a tune-up tournament outside Liverpool. "The time for talking about it is over. Now comes the fun — to do it. I think I still can.

"Only [defending champion [Stefan] Edberg and [1985-'86 champion Boris] Becker have a better chance. If I can just get past Monday and then into the second week — look out."

He was smiling, his blue eyes crinkling, as he stared straight at his interviewer. Only recently has he been able to overcome a basic shyness and insecurity and look someone in the eye.

"Yeah, that first time in England, '77, the interviews were the hardest part, a lot harder than the playing." He would move his head this way and that, pawing at his cheeks as though trying to cope with a swarm of bees. "And the press was always so difficult here. I could never get comfortable."

'Making a marriage work is harder than winning tennis tournaments.'

As if McEnroe's closely scrutinized, often deplorable antics on the tennis court weren't good enough copy, and ample ground for journalistic scolding, the fiction-spinners for the tabloids made more brutal sport with him. He was ink-shocked. For a long time.

The evolution of John McEnroe finds him, at 30, back, in a way, where he began in England. From childish challenger of 18, almost taking Wimbledon by stormy deportment, he is now the aging former champion with one eye on "one more title" — but the other on the childish ways of two other McEnroes. They, however, are entitled: sons Kevin, 3, and Sean, 1.

"Sure they're distractions," McEnroe said, "but they're the first priority now. That's the challenge: to see if I can still win major tournaments while I'm thinking mainly about somebody else."

He was sitting, sun-cloaked, on a grass court in greening, beflowered West Kirby, across the dark River Mersey from gray Liverpool where the Beatles began. And McEnroe was talking about the help he had gotten from his closest friends, wife Tatum O'Neill and the two kids.

"A comfort level, that's what they give me, peace of mind," said the player whose level of artistry and victory with a racket was all that counted for so long. It was a level that, at the zenith, few, if any other, have scaled. Getting there brought out "the demons inside me," he said. "Now, with the kids, I'm enjoying life, really for the first time, instead of fighting those demons.

"That's what I mean by a comfort level. I go onto the court happy. I'm not sure that's translated yet into better tennis. But I think it will. It's translated into a better person.

"I couldn't have imagined what Tatum and I would have to go through in marriage — the strains — but we dealt with them and came through. Making a marriage work is harder than winning tennis tournaments. I now have a lot of respect for people who have successful marriages and raise children. And that's my priority now."

He smiled. "Another thing I couldn't have believed is that it would take almost five years to get back almost where I was as a player, and to finally be comfortable with myself and my surroundings. Being happier and comfortable makes me eager to play well again.

"But it isn't that easy because I don't have the single-mindedness of my big years, when I could reach for the intensity . . . and it was there."

He recalled his last of his three Wimbledon championships, in 1984, when he razed Jimmy Connors in the finals 6-1, 6-1, 6-2.

"I remember waking up that Wimbledon final day; I felt so great. The ball looked that big," he said as he spread his hands the width of a basketball.

"I've been waiting and praying for that to happen again ever since."

The key to his earlier grand triumphs, he said, was an attitude of toughness. "It's not that way any more," he added, "but I think I'm coming closer . . . But maybe, with my life broader, the family and other things, it can't be like that again. Two steps forward, one backward.

"Time flies," he said with a laugh, "when you're not having fun, too."

He rationalized that "if I can't be as single-minded, I think I'm in better condition. I can get stronger and become a better shot maker. Two out of three ain't bad.

"I'm not thinking No. 1 again. I wasn't comfortable then. I feel I've got two more good years, and I just want to win major titles, like Wimbledon. I'm feeling pretty good about the place for the first time in all my [11] Wimbledons. Probably I won't be really comfortable there 'till I'm 50, but there's definitely an improvement, an easing.

"The place has always gotten to me negatively. I felt persecuted. But the worst was '85 when [Kevin] Curren beat me. Subconsciously I was looking for a way out. The pressure had gotten me. Then Becker, a 17-year-old who didn't even know how to play, wins it. That was embarrassing."

Then John McEnroe got up to join his wife and the children. "I can see myself winning it again," he said.

Is that the Beatles we hear singing "Yesterday"?

In American League, Torrid Races for Top Spots

The Associated Press

The American League has a couple of torrid five-team races under way: a battle for first in the West and a race for second in the East.

The AL West got even tighter Wednesday night when Minnesota's Frank Viola bested Oakland's Dave Stewart in a battle of pitchers who have the league's best records since 1987. The surging Twins won, 2-0, completing a three-game sweep of the slumping Athletics in Minneapolis.

"Everything's jelling right now," Viola said after the fifth-place Twins pulled within 5½ games of the division-leading A's. "It's the first time all year we've been able to say that.

"You look at how many games you're out in the standings and see double figures, it gets you thinking the pennant race might be passing you by. It's nice to see us playing winning baseball again."

California lost to Cleveland and remained one game back, Kansas City pulled within 1½ games by hammering Seattle and Texas climbed within two games with a victory over Chicago.

In the AL East, Baltimore leads Milwaukee and New York by 7½ games, Cleveland and Toronto by 8 and Boston by 8½.

Wally Backman and Jim Dwyer hit RBI doubles in the third and seventh innings for Minnesota, which has won four straight and 14 of 19. Oakland has lost nine of its last 13. On June 16, the Twins were 30-34, 11 games behind Oakland.

Viola has not allowed a run in his last two starts, covering 17 innings. The 1988 Cy Young Award winner walked three and struck out four in his first shutout and fourth complete game of the year.

Indians 2, Angels 1: Scott Bailes allowed five hits in eight innings and Felix Fermin scored the winning run on Willie Fraser's wild pitch with two out in the bottom of the eighth as Cleveland ended visiting California's four-game winning streak.

Rookie Jim Abbott had held Cleveland to four hits in 7⅔ innings and retired 17 straight batters before the Indians broke through for the winning run. Bailes held the Angels to four hits until Tony Armas tied the game, 1-1, with a home run in the top of the eighth.

Royals 12, Mariners 7: Bob Boone drove in four runs, Kurt Stillwell hit a two-run double in a five-run fourth-inning rally and Bo Jackson hit his 18th home run as the Royals came from five runs down in Kansas City to end a three-game losing streak.

Rangers 10, White Sox 5: Texas, which overcame a 3-0 deficit, broke a 4-4 tie with five unearned runs in the fifth inning in Chicago.

Orioles 2, Blue Jays 1: Cal Ripken Jr. broke a tie with a solo home run with one out in the eighth, giving Baltimore its second straight victory over the visiting Blue Jays.

Brewers 12, Red Sox 5: B.J. Surhoff drove in a career-high five runs, Rob Deer hit his league-leading 21st homer and Teddy Higuera won his first game in almost a month. The victory in Milwaukee gave the Brewers their first three-game winning streak since April.

Tigers 6, Yankees 5: Lou Whitaker, who scored the tying run in the eighth inning, led off the 10th with his 16th home run, sending the Yankees to their ninth straight defeat at Detroit's Tiger Stadium.

The Yankees were ahead, 5-3, until the Tigers scored twice in the eighth. With one out, Tracy Jones hit his second home run of the season and Dave Righetti relieved starter Dave Eiland. Whitaker greeted Righetti with a double and scored on Alan Trammell's single.

Padres 2, Dodgers 1: Tony Gwynn hit a two-run single in the eighth as San Diego rallied to win in Los Angeles.

Benito Santiago started the rally with a single off Mike Morgan and Tim Flannery followed with a bloop single to right. Bip Roberts batted for Whitson and bunted to Morgan, who got the force at third. One out later, Roberto Alomar walked to load the bases and Gwynn singled off reliever Ricky Horton.

Braves 4, Reds 3: Tom Glavine allowed two runs in 8⅓ innings and Tommy Gregg had three hits as Atlanta won in Cincinnati to end a five-game losing streak.

The Reds pulled off their first triple play in 22 years in the sixth inning when Bruce Benedict lined out to shortstop Barry Larkin with runners on first and second moving on the pitch.

Astros 7, Giants 3: Glenn Davis drove in two runs to lead the Astros past San Francisco in Houston. The victory was the fifth in six games for the second-place Astros.

Pirates 3, Cubs 1: Bobby Bonilla tripled in two runs to break an eighth-inning tie as visiting Pittsburgh won its fifth straight and handed Chicago its sixth consecutive loss.

Cardinals 2, Phillies 1: Joe Magrane pitched a seven-hitter and Pedro Guerrero drove in his first run in 12 games as the Cardinals beat Philadelphia in St. Louis, ending a four-game losing streak.

BASEBALL ROUNDUP

Who's That on Third? Fans Vote for Schmidt

The Associated Press

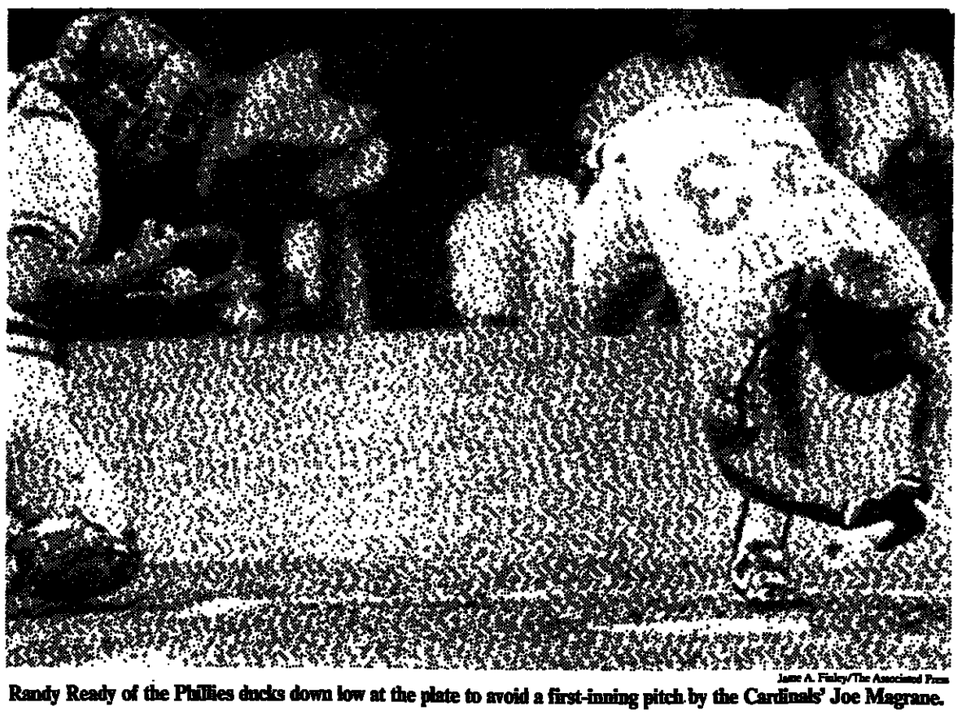
PHILADELPHIA — Mike Schmidt has been retired for a month from playing third base for the Philadelphia Phillies, but he still may make baseball history.

Unless there is a change in the voting trend in the next five days, Schmidt will become the first retired player elected to be a starter on an All-Star team since the inception of the mid-season game in 1933.

In the latest returns of the balloting by National League baseball fans, Schmidt had polled 451,063 to 384,037 for Chris Sabo, the Cincinnati Reds' third baseman. Behind Sabo are Pittsburgh's Bobby Bonilla (371,502), St. Louis' Terry Pendleton (371,504), Tim Wallach of Montreal (295,964), and Howard Johnson of the New York Mets (285,733).

"It's a heck of an honor," said Schmidt, who tearfully announced his retirement May 29 in San Diego after 16 years of leading the Phillies at bat and in the field.

If Schmidt does finish first among third basemen, he will not be allowed to play. He can't even be the NL honorary captain, since former Dodger pitcher Don Drysdale already has been accorded that honor this year. But the NL president, Bill White, has said that Schmidt will be invited to the game and introduced so that the fans can acknowledge him.



Jamie A. Finley/The Associated Press

Randy Ready of the Phillies ducks down low at the plate to avoid a first-inning pitch by the Cardinals' Joe Magrane.

Connors: Down But Not Yet Out

New York Times Service

WIMBLEDON, England — For Jimmy Connors, trying to fend off the twilight of his career, darkness didn't descend early enough on Wednesday.

"Basically, it was a successful operation but the patient died," said Connors, 36, after the pile of break points he squandered against fellow American Dan Goldie finally cost him his 98th singles match at Wimbledon.

Was this his last big tournament?

"I've put my reputation on the line since I was 18 years old," he said, "so why should I not do that now. Don't write that I'm retiring and quitting. Just gently write that I'm gonna finish this year and decide after that.

"My tennis? As far as working at it, I did. As far as getting in shape, I did. As far as winning matches, I didn't do it, which is really what I'm here to do. That's the objective."

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East	W	L	Pct.	GB
Baltimore	43	31	.581	—
Milwaukee	37	40	.481	7½
New York	36	39	.480	7½
Cleveland	36	40	.474	8
Toronto	36	40	.474	8
Boston	34	39	.466	8½
Detroit	29	45	.392	14
West				
Oakland	46	32	.590	—
California	43	31	.581	1
Kansas City	43	32	.573	1½
Texas	43	33	.566	2
Minnesota	40	37	.519	5½
Seattle	35	42	.455	10½
Chicago	29	49	.372	17

NATIONAL LEAGUE

East	W	L	Pct.	GB
Montreal	43	34	.558	—
New York	39	35	.527	2½
Chicago	40	36	.526	2½
St. Louis	37	37	.500	4½
Pittsburgh	32	41	.438	9
Philadelphia	26	47	.356	15
West				
San Francisco	46	31	.597	—
Houston	44	33	.571	2
Cincinnati	41	35	.539	4½
San Diego	38	40	.487	8½
Los Angeles	37	39	.487	8½
Atlanta	30	45	.400	15

Wednesday's Line Scores

AMERICAN LEAGUE

California 000 000 010—1 7 0
Cleveland 100 000 01x—2 4 1
Abbott, Fraser (8) and Parrish; Bailes, Jones (9) and Skinner. W—Bailes, 3-3. L—Abbott, 4-5. Sv—Jones (19). HR—California, Armas (3).

Oakland 000 000 000—0 7 1
Minnesota 001 000 10x—2 6 1
Stewart and Steinbach; Viola and Laudner. W—Viola, 6-8. L—Stewart, 12-4.

Toronto 200 000 100—1 9 0
Baltimore 100 000 01x—2 8 0
Cerutti, Wells (8) and Whitt; Holton, Hickey (7), Olson (9) and Melvin. W—Hickey, 2-2. L—Cerutti, 3-4. Sv—Olson (12). HR—Toronto, McGriff (17). Baltimore, C.Ripken (8).

New York 110 201 000 0—5 9 0
Detroit 030 000 020 1—6 8 2
Elland, Righetti (8) and Slaught; Alexander, Havens (9), Henneman (9) and Heath. W—Henneman, 5-1. L—Righetti, 2-2. HRs—New York, Slaught (3). Detroit, Lynn (4), T.Jones (2), Whitaker (16).

Seattle 200 200 002— 7 13 1
Kansas City 010 500 42x—12 14 0
Harris, Je.Reed (4), Powell (7), M.Jackson (7), Niedenfuer (8) and S.Bradley; Gubicza, Montgomery (7), Farr (9) and Boone. W—Gubicza, 8-5. L— Harris, 0-1. HRs—Seattle, Cotto (4). Kansas City, B. Jackson (18).

Texas 002 250 001—10 13 2
Chicago 301 000 100— 5 8 2
Jeffcoat, Rogers (8) and Sundberg, Kruster (9); Rosenberg, Hillegas (5), McCarthy (6) and Fisk. W—Jeffcoat, 4-1. L—Rosenberg, 2-5.

Boston 110 001 002— 5 8 1
Milwaukee 040 000 44x—12 11 1
Smithson, B.Stanley (7), Rochford (8) and Cerone; Higuera, Crim (6), Fossas (8), Aldrich (9) and Surhoff, Engle (9). W—Higuera, 2-2. L—Smithson, 4-6. HRs— Boston, Evasky (12). Milwaukee, Deer (21).

NATIONAL LEAGUE

Pittsburgh 000 000 030—3 6 1
Chicago 000 000 100—1 6 0
Robinson, Kipper (8), Landrum (9) and Ortiz; Bielecki, Williams (8), Pico (8) and Berryhill. W—Robinson, 4-6. L—Bielecki, 6-4. Sv—Landrum (8).

San Francisco 001 001 100—3 6 1
Houston 201 012 00x—7 9 0
Robinson, Gossage (5), McCamant (7) and Kennedy; Deshales, Andersen (8) and Blasia. W—Deshales, 8-3. L—Robinson, 7-5. HR—San Francisco, Maldonado (5).

Atlanta 101 011 000—4 11 0
Cincinnati 000 000 102—3 5 0
Glavine, Eichhorn (9), Lilliquist (9), Bowen (9), Benedict and J.Davis (9); Rijo, Charlton (7), Tekulve (9) and Diaz. W—Glavine, 8-4. L—Rijo, 7-5. Sv—Bowen (12). HR—Cincinnati, E.Davis 2 (14).

New York 110 000 010—3 13 0
Montreal 003 100 02x—6 9 0
Oieda, Innis (6), Aase (8) and Lombardi; Longston, Burke (9) and Santovenia. W—Longston, 4-2. L—Oieda, 5-7. Sv—Burke (16). HR—New York, Lombardi (1).

Philadelphia 000 000 001—1 7 0
St. Louis 100 001 00x—2 4 0
K.Howell, Corman (7), Parrett (8) and Lake; Magrane and Pena. W—Magrane, 7-6. L—K.Howell, 6-5.

San Diego 000 000 020—2 8 1
Los Angeles 000 010 000—1 11 1
Whitson, Harris (8), Mo.Davis (9) and Santiago; Morgan, Horton (8), Pena (8), J.Howell (9). W—Whitson, 10-5. L—Morgan, 5-7. Sv—Mo.Davis (20).

TENNIS

Wimbledon

SECOND ROUND

Men

Boris Becker (3) West Germany, def. Richard Matuszewski, U.S., 6-3, 7-5, 6-4; Aaron Krickstein (13) U.S., def. Javier Frana, Argentina, 4-6, 6-3, 3-6, 7-6 (7-5), 7-5; Jan Gunnarsson, Sweden, def. Derrick Rostagno, U.S., 6-7 (2-7), 2-6, 7-5, 7-6 (7-3), 9-7; John McEnroe (5) U.S., def. Richey Reneberg, U.S., 6-3, 3-6, 6-3, 7-5.

Amos Mansdorf (16) Israel, def. Eric Jelen, West Germany, 4-6, 6-3, 7-6, 6-3, 6-2; Leif Shiras, U.S., def. Jeremy Bates, Britain, 4-6, 7-5, 6-3, 6-2; Wally Masur, Australia, def. Joey Rive, U.S., 6-3, 7-6 (7-3), 4-6, 6-2; Tomas Carbonell, Spain, def. Marian Vajda, Czechoslovakia, 6-2, 6-4, 7-5.

Peter Lundgren, Sweden, def. Mikael Pernfors (15) Sweden, 7-6 (7-4), 6-2, 6-4; Jim Pugh, U.S., def. Robert Seguso, U.S., 6-3, 7-6 (7-4), 6-3; Miloslav Mecir (7) Czechoslovakia, def. Mark Kratzmann, Australia, 6-7 (5-7), 4-6, 6-1, 7-5, 7-5; Brad Drewett, Australia, def. Tim Wilkison, U.S., 6-7 (2-7), 6-3, 7-5, 6-2.

Tim Mayotte (8) U.S., def. Henrik Holm, Sweden, 7-6 (7-3), 6-2, 4-6, 6-1; Mats Wilander (4) Sweden, def. Karel Novacek, Czechoslovakia, 6-3, 6-0, 6-3.

Matches suspended: Stefan Edberg (2) Sweden, led Todd Woodbridge, Australia, 6-4, 6-4, 1-6; Jonas Svensson, Sweden, led Carl Limberger, Australia, 6-4, 6-3, 1-1; Jason Stoltenberg, Australia, vs. Omar Camerese, Italy, 7-5, 6-7 (4-7); Andres Gomez, Ecuador, vs. Michiel Schapers, Netherlands, 6-2, 6-7 (5-7), 5-5; Glenn Layendecker, U.S., led John Fitzgerald, Australia, 6-4, 3-6, 6-3; Tom Nilssen, Netherlands, led David Pate, U.S., 4-6, 6-2, 6-1, 2-0; Carl-Uwe Steeb, West Germany, led Scott Davis, U.S., 5-7, 6-4, 6-4.

Women

Katrina Adams, U.S., def. Carrie Cunningham, U.S., 6-1, 6-2; Lori McNeil (15) U.S., def. Martina Pawlik, West Germany, 6-1, 6-3; Arantxa Sanchez (7) Spain, def. Julie Halard, France, 6-4, 6-3; Catarina Lindqvist, Sweden, def. Isabelle Demongeot, France, 6-3, 6-1.

Catherine Tanvier, France, def. Amy Frazier, U.S., 6-3, 6-1; Hana Mandlikova (14) Australia, def. Catherine Suire, France, 6-1, 6-4; Anne Minter, Australia, def. Karine Quentrec, France, 6-2, 6-0; Claudia Kohde-Kilsch, West Germany, def. Ann Henrickson, U.S., 6-4, 6-1.

Patty Fendick, U.S., def. Clare Wood, Britain, 6-1, 6-4; Mary Joe Fernandez (12) U.S., def. Louise Allen, U.S., 6-4, 6-1; Eva Sviglerova, Czechoslovakia, def. Terry Phelps, U.S., 7-6 (8-6), 7-5; Judith Wiesner, Austria, def. Wendy Turnbull, Australia, 6-4, 7-5.

Raffaella Reggi, Italy, def. Sophie Amiach, France, 7-6 (7-4), 6-4; Laura Golarsa, Italy, def. Maria Strandlund, Sweden, 6-4, 4-6, 6-1; Louise Field, Australia, def. Zina Garrison (5) U.S., 1-6, 6-2, 7-5; Jo-Anne Faull, Australia, def. Iva Budarova, Czechoslovakia, 6-3, 6-0.

Natalia Zvereva (9) Soviet Union, def. Eva Pfaff, West Germany, 6-2, 6-3; Gretchen Magers, U.S., def. Valda Lake, Britain, 6-2, 6-3; Shaun Stafford, U.S., def. Ann Devries, Belgium, 7-6 (7-4), 7-5; Jana Novotna (10) Czechoslovakia, def. Elise Burgin, U.S., 6-4, 3-6, 6-2.

Chris Evert (4) U.S., def. Hu Na, U.S., 7-5, 6-3; Nicole Provis, Australia, def. Robin White, U.S., 3-6, 6-3, 6-3; Anne Hobbs, Britain, def. Gisele Miro, Brazil, 5-7, 6-2, 6-4; Ros Fairbank, South Africa, def. Gabriela Sabatini (3) Argentina, 6-4, 6-3.

Elizabeth Smylie, Australia, def. Tine Scheuer-Larsen, Denmark, 6-1, 6-7 (0-7), 6-1; Pam Shriver (8) U.S., def. Sara Gomer, Britain, 6-4, 3-6, 8-6; Dana Faber, U.S., def. Janine Thompson, Australia, 7-6 (7-5), 4-1 (retired); Laura Gildemeister, Peru, def. Susan Sloane (16) U.S., 6-3, 7-5.

Helena Sukova (6) Czechoslovakia, def. Dinky van Rensburg, South Africa, 6-3, 6-3; Kristine Radford, Australia, vs. Martina Navratilova (2) U.S., 6-3, 3-6 (match suspended).

RUGBY

Rugby's Big Eight

Last 10 tests among the eight

	W	D	L	Tries
1. New Zealand	9	1	0	49
2. France	7	0	3	25
3. England	6	1	3	20
4. Australia	3	2	5	23
5. Wales	4	0	6	11
6. Scotland	3	1	6	17
7. Argentina	2	1	7	7
8. Ireland	2	0	8	14

Last test (June 17): New Zealand 25, France 17
Next (July 1): New Zealand-France

TRANSITION

BASEBALL

American League

LEAGUE—Suspended George Bell, Toronto outfielder, for three days for bumping an umpire during June 24 game.

DETROIT—Put Frank Williams, pitcher, on 15-day disabled list. Recalled Edwin Nunez, pitcher, from Toledo, International League.

MINNESOTA—Traded Fred Toliver, pitcher, to San Diego for Greg Booker, pitcher. Sent Booker to Portland, Pacific Coast League.

National League

CINCINNATI—Put Chris Sabo, third baseman, on 15-day disabled list. Called up Marty Brown, infielder, from Nashville, American Association.

PHILADELPHIA—Signed Lamar Foster and Casey Waller, third basemen, to free-agent contracts; assigned Foster to Martinsville, Appalachian League and Waller to Spartanburg, South Atlantic League.

SIDELINES

Rose Lawyers Said to Fund Judge

PHILADELPHIA (AP) — The Cincinnati judge presiding over the lawsuit Pete Rose brought against baseball accepted more than $1,500 in contributions in his two most recent campaigns from attorneys in firms representing Rose, according to a newspaper report published Thursday.

The Philadelphia Inquirer, citing election records, reported that during his 1982 and 1984 races for Hamilton County Common Pleas Court, Judge Norbert A. Nadel accepted 26 contributions from attorneys in the firms representing the Cincinnati Reds manager. Attorneys in the Cincinnati firm representing major league baseball made two contributions, totaling $150, to Nadel during those contests, according to the records.

Neutral Site for Salvador-U.S. Soccer

ZURICH (AP) — El Salvador's World Cup qualifying game with the United States, scheduled for July 9, will be played at a neutral site, soccer's governing body, FIFA, said Thursday.

FIFA barred El Salvador indefinitely from hosting World Cup qualifying games after fan misbehavior forced the referee to halt a match against Costa Rica on June 25. The ban is in effect until July 25, when a decision on whether to extend it will be made by FIFA.

14 Rejoin Dallas Cheerleader Squad

DALLAS (AP) — Fourteen Dallas Cowboys cheerleaders who resigned last week in protest over proposed changes in the squad's policies, have returned, saying they were reassured by the team's new owner that no changes would be made.

The 14 cheerleaders returned Tuesday after meeting with Jerry Jones, the team owner. They resigned last week after learning that Jones planned to change their uniforms and that he wanted them to fraternize with players.

For the Record

José-Maria Olazabal of Spain shot a first-round four-under-par 66 Thursday to lead the French Open golf tournament in Chantilly. *(AFP)*

OBSERVER

Liters of Confusion

By Russell Baker

NEW YORK — At the supermarket to buy soft drinks for a party of 25, I faced acres of confusion.

Cola would be wanted. Some would want cola of the Pepsi label and some of the Coca label. That much I knew.

Little had I suspected, however, that so many variations could be played on a cola theme. Cola came in 12-ounce cans, cola came in 16-ounce bottles and cola came in 33.8-ounce bottles, also labeled "one-liter" bottles.

Looking 50 yards down the supermarket aisle, I could see cola in bottles that apparently held several gallons. Probably milliliters, I thought, alarmed that American cola makers had abandoned good old ounces and quarts for the incomprehensible liter when they got to the 33.8-ounce bottle.

□

My mind staggered by the variety of decisions before me, I let it wallow around in self-pity at this evidence that the dreaded metric system was getting its hooks into the United States.

For years I have had nightmares in which the metric system has finally triumphed in America and jubilant scientists are mocking my inability to guess how many kilos are in a pound, or vice versa, and how cold it is when the thermometer reads 85 degrees Centigrade.

And now, right here at the supermarket, the disgusting liter was already rampant on the cola shelves.

That wasn't all, of course. Not only were there 10-, 12-, 16- and 33.8-ounce bottles of the two famous varieties of cola, but there were also 10-, 12-, 16- and 33.8-ounce bottles of diet cola from both these empires of carbonation.

All this barely began to express the complications. There was caffeine-free cola. There was cherry-flavored cola.

More: The Coca trademark had a cola called "new," unless I misread the label.

Whenever I see the word "new" at the supermarket, my mind slips into overdrive, thinks "new, improved, miracle" and assumes it is in the presence of a laundry detergent.

Could this "new" cola, I wondered, be a cola for washing the clothes with? Perhaps it was only meant to be drunk while doing the laundry. Why not? Cola seemed to have become highly specialized since I broke the cola habit back in 1937.

What with diet cola, cherry cola, caffeine-free cola, 12-ounce cola, 16-ounce cola and 33.8-ounce cola in each of the diet, cherry and caffeine-free variations, it didn't seem far-fetched that there might be a cola for laundry time.

Oh ho! What was this? Classic? No doubt about it. It was spelled out clearly on the label. "Classic." You could now drink "Classic" cola.

Probably the same cola with which Plato had refreshed his pauses between dialogues for Socrates. Or perhaps merely cola to read Plato by after having tanked up on new, improved miracle cola while doing the laundry.

□

Rather than rush headlong against the question of how many would want the Pepsi, how many the Coca, how many the Pepsi diet cola, how many the Coca diet cola, how many the cherry-flavored cola, how many the caffeine-free cola, how many the new, improved cola, and how many would want each particular cola in its 12-ounce, its 16-ounce and its 33.8-ounce container, I moved on to shopping for the light-colored stuff.

These used to be simple. There was ginger ale and there was 7-Up.

Now, however, the choice was as confusing as it was back in cola territory: a nearly infinite variety of bottle sizes and aluminum-can packages, the inescapable choice of "diet" or — what? fattening? — variations.

□

At this stage I suddenly experienced the same doomed sensation that came over me in 1942 on the third day in calculus class when I realized with certainty that I was going to fail calculus.

Root beer was my inspiration. There was certainty in root beer. I would get 25 bottles of root beer.

The ingenuity of the American consumer-gratification industry could never make good old root beer so complicated that a grown man could fail the course.

A safari into root-beer country showed it could. Smarter now than when I failed calculus, I went home without carbonated water and made two gallons of iced tea, not bothering to find out how much that was in liters.

New York Times Service

Can Jerry Lee Lewis Finally Exorcise Elvis?

By Art Harris

Washington Post Service

MEMPHIS — Way up, 26 floors above this lush green rock 'n' roll mecca on the Mississippi bluffs, the Killer, eyes dark but still dancing, gazes out the window of his hotel suite to survey the domain he lost to Elvis long ago, but has never conceded.

"I always knew I was better," declares Jerry Lee Lewis. "I knew I could take his own song and beat him at his own game anytime I wanted. Proved it with 'Mean Woman Blues.' That settled that."

Settled or not, Lewis, at 53, is running hard to reforge his own legend, casting his fate with a new movie, "Great Balls of Fire." Starring a bleached-blond Dennis Quaid as young Lewis, it focuses on the 18 months in the late '50s when Lewis exploded with such hits as "A Whole Lotta Shakin' Goin' On," his first million-seller, "Great Balls of Fire," his next, "Breathless" and more.

Briefly, he challenged Elvis Presley for the throne of Red Clay Royalty, then tumbled off the charts overnight after marrying his 13-year-old second cousin Myra Brown before taking the trouble to divorce wife No. 2. The scandal cost him $20,000 gigs and his ticket to the top. For years to come, he was back playing honky-tonks for $300 a night, watching what might have been.

As Elvis soared and the Golden Age of Rock produced such stars as Fats Domino, Buddy Holly, Chuck Berry, Roy Orbison, Otis Redding and the like, Lewis found his records blacklisted, or poorly promoted.

But he never gave up — a Holy Roller-raised rocker rocking on for the next three decades, pop charts be damned. He simply had to play, keeping up the trademark bravado, his piano as hot as the hellfire he feared.

Yet beyond the charming sneer, the quick humor and bad-boy image Lewis courts, friends say that Elvis, bigger dead than Lewis alive, nags on, burning envy in his soul, just one ghost hovering about the bona fide wild man of rock 'n' roll. Now, at last, he wonders, maybe he's got a chance to beat Elvis, with the movie and a soundtrack of his greatest hits and $25,000-plus-a-night concert dates as far as the calendar can count.

He hit the piano at a lavish barbecue here the other night for 300 people — reporters and TV crews flown in by Orion Pictures for an orgy of promotion — saying in mass interviews that he likes the $15 million film ("Dennis Quaid done the best he could. I don't want to hurt nobody's feelings").

As for Elvis, Lewis maintains they were friends; then, in a supermarket tabloid, he sneers at "King Kong," a drug-addled "monkey on a string" controlled by his handlers. "I remember Elvis coming to Sun Records to meet me," he says in a later hotel room interview. "I thought that was a great honor before I even had 'Great Balls of Fire.' Carl Perkins had a session going, and Johnny Cash [was] there."

Lewis, at 53, is running hard to reforge his own legend, casting his fate with a new movie, 'Great Balls of Fire.'

"Sounds strange, don't it?" says Lewis, remembering the famous jam later celebrated as the Million Dollar Quartet. "I was hanging around and Elvis comes in and sits down at the piano. Has *this good-looking girl with him* and she's looking directly at me. And he gets upset about that."

Lewis is grinning.

"He plays and sings for an hour and 45 minutes, then says, 'You know, Jerry Lee, I think every man should know how to play the piano.' I said, 'Yeah, I been trying to tell you that.'" Presley let him sit down at the keys. "And that was the end of that," Lewis says, laughing. "He loved my songs. He was a real inspiration to me. He opened a lot of doors, and shut a lot of doors when he died."

Since blasting off here in the late '50s on the Sun label that launched Presley, Lewis has battled whiskey and an explosive temper. Nine years ago, he nearly died from a tear in his stomach lining, then kicked an addiction to the prescribed painkillers with methadone. He's buried two of six wives and two sons in the family plot back home in Ferriday, Louisiana; careened between rock and country careers, shot his drummer (an accident); warred with the IRS over $1 million in unpaid taxes as agents hauled off his Rolls-Royce; declared bankruptcy (twice); and spent a few hours in jail after waving a loaded pistol *outside Graceland* where he *once* announced in jest that he aimed to shoot the King.

"His life is so rich, you can't deal with it all in one movie," says the producer Adam Fields, whose film presents Lewis and Myra as a rock 'n' roll love story. Jerry Lee is portrayed as an obsessed, if sanitized, rock star who took one road while his first cousin, Jimmy Lee Swaggart, took another. "If it does well," Fields says, "we've got a brilliant second script for a sequel that deals with the darker parts of his life, which came later."

Indeed, the life of Jerry Lee Lewis ranks among the classic sagas of drugs, sex and rock 'n' roll: a dirt-poor teenager who dropped out of Bible school to do unto a piano like no man; a profound weakness for pretty young women, whiskey and pills; the religion he absorbed while growing up with cousins Swaggart and Mickey Gilley; and the constant tug between rock 'n' roll and the Lord. "I'm too weak for the Gospel," Jerry Lee once said. "I'm a rock 'n' roll cat."

"I've heard more sermons from Jerry in the car driving from one nightclub to the next than in church," says Jay Brown, Myra's father and Lewis's former bass player. "He once preached so hard pounding the back of the seat [that he] sprained his hand, couldn't play piano for days."

J.W. Whitten, who was Lewis's road manager for 12 years, says:

The Associated Press

Lewis and Dennis Quaid at Hollywood Walk of Fame ceremony.

"He used to wonder sometimes, with all the tragedies, if he was living under a curse, if God was punishing him for his lifestyle. He'd get on a [guilt] kick, play a gospel song, look me in the eye and say, 'J.W., maybe I'm wrong to play rock 'n' roll. What do you think?' And I'd say, no, Killer, you make a lot of people happy. Maybe it's God's way for you to minister."

Killer?

"That's a nickname he got in grammar school," says Whitten, who worked for Lewis when his *fourth wife accidentally drowned* in a neighbor's pool and wife No. 5 overdosed while her husband lay beside her sleeping. "They call him 'Killer,'" Whitten goes on, "not because he kills people, but because he kills them on stage."

Now married to wife No. 6, Lewis claims to be subduing the demons, pacing his wiry frame for yet another comeback that, friends say, he terms his "last chance."

He's even given up chasing sweet young things, he says. "I've never been true to any woman," he reflects. "Never wanted to be, never thought I was going to be." He pauses. "Until I married the last time. And I didn't feel obligated to this lady until two years five months ago, when my son come along.

"That stopped me. You think you can't be stopped, then all of a sudden it's obligation time. Big time."

It's almost time. An Orion PR man, who has glowered and shouted at reporters who dared ask touchy questions, plops in a chair. Lewis says he doubts he'll be marrying "any more 13-year-old cousins," one lesson he's learned. Asked how he wants to be remembered, he leans way back, dictates a curious epitaph:

"He stirred up a lot of interest. . . . Just think what he could have done on a major label, what he still might do." He falls silent, laughs that rich laugh that seems to leer at the world, and says, "But hey, Killer, I'm not dead yet."

PEOPLE

'Roger Rabbit' Frames Sell for $1.66 Million

More than 500 animation cells from the 1988 box-office hit "Who Framed Roger Rabbit" were sold at auction, with the top-selling frame bringing more than $50,000. The sale brought $1.66 million, or about twice the $600,000 to $900,000 pre-sale estimate, said Matthew Weigman of Sotheby's in New York. Four cells of the cartoon characters assembled at the end of the movie brought the highest prices. A cell featuring about two dozen cartoon characters, from Roger Rabbit and Jessica to Mickey Mouse, Donald Duck, Betty Boop and Bugs Bunny, went for $50,600 to the Philip Samuels Fine Art Gallery in St. Louis. Private collectors bought the other three, which went for $33,000, $31,900 and $27,500. The cells are painted on acetate and mounted against the color photograph background. The film won four Academy Awards for its technical feats in which cartoon characters interact with live actors.

□

Joel Grey's character from "Cabaret" became a part of history when the actor presented his pink satin vest, wig, cane, makeup box and shoes to the Smithsonian's National Museum of American History in Washington. "The master of ceremonies was one of the best damn parts an actor could ever have," said Grey, who won both a Tony and an Oscar for the role in its stage and film versions.

□

The daughter of country singer **Hank Williams Sr.** reached a settlement in Mobile, Alabama, in her inheritance dispute against the estate of her adoptive parents just before a jury was to get the case. **Cathy Deupree Adkinson**, who sings under the name of **Jett Williams**, settled with her cousin, **Stanley Fountain**, but refused to disclose the terms. The estate was valued at $600,000. Adkinson was born in 1953, five days after the death of her father. Williams had lived with her mother, **Bobbie Jett**, but they never married.

□

Queen Elizabeth II has given **Queen Beatrix** of the Netherlands the highest of Britain's orders of knighthood, making her an Extra Lady of the Garter. Beatrix is only the third recipient of the title, after her mother, **Princess Juliana**, and **Queen Margarethe** of Denmark.

INTERNATIONAL CLASSIFIED

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PLOMARI, ISLAND OF LESBOS. Brand-new, one bedroom apartment, fully furnished with balcony overlooking Marina. US$500.-/week. Phone Athens (301)7291383 Fax (301)7230009.

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FRENCH RIVIERA ST JEAN CAP FERRAT For rent next summer, attractive villa 5 bedrooms, overlooking the sea.

PRESTIGE IMMOBILIER 19 Bld General Leclerc 06310 Beaulieu Sur Mer. Tel: 93.01.04.13 Fax: 93.01.11.96

PROVENCE, RESTORED MILL, 50 km sea, 5 bedrooms, 4 baths, 6000 sq.m. garden, pool, July, August: F50,000/mo., Sept.: F40,000. Alternative, 2 rue Duphot, 75001 Paris. (1) 42.60.10.79, tlx: 216900 F, fax: (1) 49.27.98.59.

COTE D'AZUR, Les Issambres, between Cannes & St. Tropez, 2 villas with pool near sea, 4-10 people. July - Oct from £635/week. Tel: 19-44-253 28 666 from 9 - 5pm or 94 81 26 13 France

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CANNES, 2 SPLENDID APARTMENTS 1 km from La Croisette, 3 bedrooms, 3 bathrooms, luxurious, fully equipped and furnished. July, August, Sept. Please contact Tel: 93.31.84.38.

VENCE - COTE D'AZUR, are you looking for summer renting in the most beautiful area of France? Please contact us, SEGV Tel: 93.58.13.22.

ST TROPEZ Near Camarat, quiet villa, brand new, 4 rooms, magnificent view. August. F46,000.- Paris: 45.20.91.80

JUAN LES PINS Holiday rentals. On sea/residence with pool. Agence de la Mer: Tel: 93.61.28.24 Fax: 93.67.68.42

CAP FERRAT villa for 6 on water; heated pool Estates and apartments on Cote weekly/staff. U.K. 1-409-3270.

LE LUBERON. Renovated Mas. Free August. 3 bedrooms, £650 per week. Tel: UK (0273) 502248 evenings.

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IDYLLIC 300 YEAR OLD Thatched cottage for rent mid July- end August. 70 miles SW of London. 1 double, 2 single beds, 2 baths, 3 receptions. £300/week Tel 01 235 1179.

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SUMMER RENTALS

PARIS & SUBURBS

16th RANELAGH July to Sept. 840 sq. ft. class ancient building, 2 bedrooms & living & bath. 1 month & over, possible valet, $2000 month. Tel: NY 212-687-8300/924-7291 Paris 43254463 M. De Jouffroy

PARIS 6TH & MARAIS 2 furnished apartments for JULY & AUG: 45-67-01-22

TOLBIAC- 13th Two rooms furnished, kitchen, shower, for two people. Tel: 16.48.51.95.87. From 7 July to 7 August. FF2005 cash per week and deposit FF10,000.

ILE DE LA CITE. Very luxurious apartment to rent. View on Seine. Marble bathroom, American kitchen. July: F25,000. August: F25,000. Deposit: F10,000. Tel: 43.26.81.05.

15TH - NEAR MONTPARNASSE Room with balcony, in apartment, all comforts, sleeps 2, kitchen use. July, F2,000.-/week. Tel: 43.27.79.85 (evening) or 42.76.52.35 (day).

TO LET IN PARIS, FULLY EQUIPPED: A 2 room apartment for 5 months maximum, $400/mo. Also: A 4 room apartment for month of August (or less), $1,000/mo. Call: 42.06.71.35.

PARIS, AUGUST. Bois de Boulogne/ Passy. Charming house and garden. Ground floor: 3 bedrooms. F26,000 per month. Tel: 46.47.54.13.

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JULY/AUGUST Excellent location (Opera). Comfortable, sunny 3 rooms, kitchen, bathroom. F12,000.-/month. Call Mr. Kupferman 40.38.33.39 (day)

ST GERMAIN DES PRES. July 16 - Aug. 31, 140 sq.m. duplex for 5 persons, quiet on courtyard, private parking. Tel. from 4 July: (1) 42.60.59.05

FURNISHED 1 BEDROOM IN 13TH July 15 - Aug. 31. $1,200; phone & utilities included. Negotiable for shorter term. Call: 212-260-3122 USA.

15th, 2 ROOMS, sunny, nicely furnished. From 1st July to 15th August. F6,000 per month. Tel: 45.77.90.07.

NEAR PARIS AUGUST, 18th century country French. 5 bedrooms, 4 baths, furnished. $4,000. 512-824-7846 USA.

5 BED HOUSE, 8th July to 31st July. Large garden, swimming pool, quiet, sunny. F25,000. Tel: 47.73.80.00.

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BUTTES CHAUMONT Large studio, all comforts, terrace, equipped kitchen. Modest price. Tel. 42.02.98.30.

NEAR BASTILLE 2 furnished apartments, 3 rooms. July - August. Phone: 43 63 58 50 or 40 30 01 47 after 8pm

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SUMMER RENTALS

PARIS & SUBURBS

PARIS 6th SUPER LEFT BANK. July - Aug. 85 sq.m., sunny 3 rooms + dine-in kitchen, view. Tel: 46.33.87.62.

ILE DE LA CITE, beautiful apartment, 130 sq.m. For July and August. Tel: (1) 46.34.19.25.

NICE 2-ROOM Choisy le Roi, 10 min. Paris by RER. F2000/week. Tel: 48.92.00.69 or 48.90.53.30.

12th NATION, July-August, maid's room, hot/cold water, private wc, no shower. F1500/month. 43 42 30 56

17th, LARGE LUXURIOUS 1 bedroom apartment. Sleeps 2-4. Terrace, view. F10,000 per week. Tel: 47.54.94.87.

15th, NEAR CONVENTION, July and August. Studio with patio, 6th. Very nice furniture. F3,400. Tel: 40.56.04.36.

MONTMARTRE, RENTING 3 ROOM Flat. All furnished. July and August. F6,000 per month. Tel: 42.59.42.86.

NEAR TOUR EIFFEL July, August, studio with kitchen, bath, TV, HIFI, parking. US$600.-/month. Tel. (1691.55.03.63

FURNISHED STUDIOS IN PARIS 8TH, for rent. July, August, September (or even longer). Phone 42.56.04.02.

MONCEAU: from July 7th - Sept. 3rd 60 sq.m. studio, superb view over all Paris, terraces. Tel: 46 22 40 16.

10 MINS WEST PARIS by train, lovely suburb, August, 4-room villa, garden, all comforts. F9000. Tel: 45346591

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6TH - ST. SULPICE. Apartment 3 bedrooms, living 110sq.m. 2 weeks in July or August: FF18,000. Tel: 42.22.83.50.

14th CHARMING LITTLE HOUSE near Parc Montsouris, 100 sq.m. duplex, F2000/week. (1) 69 05 25 65.

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GREAT BRITAIN

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HOTELS

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